PROVINCIAL AUDITOR
*of Saskatchewan*

# 2017 Report - Volume 1

Report of the Provincial Auditor to the
Legislative Assembly of Saskatchewan

PROVINCIAL AUDITOR
*of Saskatchewan*

May 17, 2017

The Honourable C. Tochor
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *2017 Report – Volume 1*, to be laid before the Legislative Assembly in accordance with the provisions of section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Judy Ferguson

Judy Ferguson, FCPA, FCA
Provincial Auditor

/gb

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# 2017 Report – Volume 1

# TABLE OF CONTENTS

**Overview by the Provincial Auditor** .......... 1

**Annual Integrated and Information Technology Audits**

1 Public Service Commission—Administering the Government's Key Human Resources/Payroll IT System .......... 15
2 School Divisions .......... 19

**Performance Audits**

3 Economy—Working Towards Establishing Outcomes-Based Contracts .......... 25
4 Environment—Climate Change .......... 41
5 Finance—Implementing the Revenue Administration Modernization Project .......... 55
6 Health—Detecting Inappropriate Physician Payments .......... 65
7 Highways and Infrastructure—Enforcing Vehicle Weight and Dimension Requirements .......... 81
8 Living Sky School Division No. 202—Engaging Grades 7 to 12 Students .......... 99
9 Mamawetan Churchill River Regional Health Authority—Delivering Provincially Funded Childhood Immunizations .......... 115
10 Regina Qu'Appelle Regional Health Authority—Efficient Use of MRI .......... 133
11 Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees' On-table Sale of Liquor .......... 147
12 Saskatoon Regional Health Authority—Overseeing Contracted Special-Care Homes .......... 161
13 SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware .......... 181
14 Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices .......... 193

**Audit Follow Ups**

15 Central Services—Planning Accommodations .......... 209
16 Economy—Co-ordinating English-Language Programs .......... 213
17 Economy—Monitoring IT Service Providers .......... 217
18 Economy—Regulating Pipelines .......... 221
19 Education—Capital Asset Planning for Schools .......... 227
20 Education—Increasing Grade 12 Graduation Rates .......... 233
21 Education—Putting into Operation the Education Sector-Wide Strategic Plan .......... 241
22 Environment—Regulating Reforestation .......... 243
23 Environment and Finance—Regulating Contaminated Sites .......... 247
24 Regina Qu'Appelle Regional Health Authority—Safe and Timely Discharge of Hospital Patients .......... 253
25 Regina Qu'Appelle Regional Health Authority—Use of Surgical Facilities .......... 261
26 Saskatchewan Government Insurance—Monitoring Certified Vehicle Inspection Stations .......... 263
27 Saskatchewan Opportunities Corporation—Maintaining Facilities .......... 267
28 Saskatchewan Water Corporation—Maintaining Infrastructure .......... 269

**Audit Follow Ups continued**

29 Saskatoon Regional Health Authority—Protecting IT Infrastructure ..................... 271
30 SaskPower—Buying Goods and Services Valued Under $100,000..................... 273
31 SaskPower—Gas and Electrical Installation Inspections ..................... 275
32 Social Services—Placing Minister's Wards in Permanent Homes ..................... 277
33 Social Services—Supervision of Community-Based Organizations ..................... 281
34 University of Regina—Protecting Interests in Research..................... 285

**Appendices**

1 Agencies Subject to Examination under *The Provincial Auditor Act* and Status of Audits ..................... 1-1
2 Report on the Financial Statements of Agencies Audited by Appointed Auditors..................... 2-1
3 Samples of Opinions We Form on Ministries, Crown Agencies, and Crown-Controlled Corporations ..................... 3-1

# Overview by the Provincial Auditor

## 1.0 REPORT OVERVIEW

Through *The Provincial Auditor Act*, the Legislative Assembly has made the Provincial Auditor its independent auditor. It makes the Provincial Auditor responsible for auditing the Government of Saskatchewan, including all of its agencies. **Appendix 1** lists agencies subject to audit under the Act. These include ministries, regional health authorities, school divisions, Crown corporations, commissions, benefit plans, and funds.

Under the Act, the Provincial Auditor reports to the Legislative Assembly on the results of all examinations, and highlights matters that require the attention of legislators.

This Report (Volume 1) includes the results of our examinations completed by April 26, 2017. Consistent with past reports, we have organized these results into three sections. The following provides an overview of each section of the Report.

### Annual Integrated and Information Technology Audits

This Section of the Report highlights matters resulting from our annual security audits and annual integrated audits of about 58 agencies with fiscal year-ends between August 2016 and December 2016. This includes 28 school divisions, five other crown agencies, two CIC Crown corporations, and 23 pension and benefit plans. **Appendix 1** lists the names of each agency, its year-end date, whether matters are reported, and if so, in which report.

As evident by the brevity of this section in the Report, almost all of those agencies had good financial-related controls, complied with their financial-related authorities, and prepared reliable financial statements.

This section identifies a few concerns at only three school divisions, and a concern with the Public Service Commission's processing of government ministries' and a few agencies' payroll.

**Integrated audits** are annual audits of agencies that examine:

- The effectiveness of their financial-related controls to safeguard public resources with which they are entrusted
- Their compliance with authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- The reliability of the financial statements for those agencies that prepare them

Financial-related controls (financial rules and procedures) include processes to plan, evaluate, and co-ordinate the financial activities of an agency. Effective controls help agencies achieve their objectives, and sustain and improve performance.

The term **annual IT security audits** describe audits of the effectiveness of an agency's processes and controls to secure IT systems and data.

It notes two school divisions—Northern Lights School Division No. 113 and Sun West School Division No. 207—need better IT disaster recovery plans. Solid and tested plans would help ensure they can operate in event of unplanned disruption of IT services. It also notes Holy Family Roman Catholic Separate

School Division No. 140 needs to follow its policy when recording certain financial transactions in its records (i.e., journal entries).

## Performance Audits

Performance audits take a more in-depth look at processes related to management of public resources or compliance with legislative authorities.

This section of the Report includes the results of 12 performance audits covering a broad range of topics.

The Government plays a critical role in keeping the public safe. In this Report, three audits report on the quality of its regulatory processes—enforcing laws related to vehicle weight and dimension requirements on Saskatchewan highways, the sale of liquor to the public for consumption, and the safety of elevating devices like elevators and escalators.

**Chapter 7: Highways—Enforcing Vehicle Weight and Dimension Requirements:** A shift from rail to highway transportation has increased large commercial vehicle traffic on provincial highways. Vehicles that exceed weight regulations cause increased damage to pavement and bridges and take longer to stop. Vehicles that exceed dimension requirements can obstruct traffic or hit overhead infrastructure. The Ministry spends at least $10 million every year to repair damage caused by overweight vehicles.

The Office found the processes that the Ministry used to enforce weight and dimension laws for the 12-month period ended August 31, 2016 were not effective—even though the Ministry had clear policies and procedures. While it had annual enforcement plans, it could not explain the basis of them or show whether its plans created a sufficient enforcement presence to address risks of non-compliance. For example, it was unclear how it had addressed the known risk of vehicle operators avoiding open weigh scales.

Management relied on verbal reports to monitor its enforcement activities as opposed to evaluating actual results against plans. The audit found the actual extent of enforcement activities was lower than planned. For example in 2015-16, its 10 weigh scales were open 10,273 hours instead of the expected 11,700 hours. Also, one of five detachments we tested operated their weigh scale, on average, 14 hours per week instead of the expected minimum of 22.5 hours per week. In addition, three of six highway officers we tested only did between one-half to three-quarters of the expected number of vehicle inspections.

In addition, the Ministry's investigations of complaints were not consistently documented, or done in time to enable the Ministry to issue a fine for an infraction, if any.

Sufficient enforcement activities are key to having a sufficient enforcement presence. Insufficient enforcement increases the chances of vehicle operators choosing to operate vehicles that exceed provincial weight and dimension requirements. This in turn increases risks to public safety and damage to provincial highways.

- **Chapter 11: Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees' On-table Sale of Liquor:** Each year, Saskatchewan Liquor and Gaming Authority (SLGA) issues about 1,900 permits to establishments who sell liquor to patrons for consumption within their premises. Laws support socially responsible consumption of alcohol.

  SLGA had largely effective processes to regulate the sale of liquor to the public for consumption at permitted establishments (e.g. restaurants, taverns). It needs to improve a few areas. For example, it needs to finish updating its inspection plan so that it focuses on areas of highest risks related to factors such as types of establishments, history of violations, and complaints. It needs to formalize its expected timeframes for completing inspections and investigations, and use them to monitor. In addition, it needs to analyze key trends of permittee non-compliance with requirements. This would help it determine whether it is regulating fairly and consistently throughout Saskatchewan and adjust, as needed.

  Effective regulation of the sale of liquor can help reduce health and safety risks related to irresponsible alcohol consumption, while maintaining a consistent and fair regulatory system for permittees.

- **Chapter 14: Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices:** Over the past five years, the number of licensed elevating devices (e.g., elevators, escalators) has increased by about 14% to almost 4,000 in 2015-16. The Technical Safety Authority of Saskatchewan (TSASK) is responsible for regulating the safety of them.

  TSASK had generally effective processes to inspect almost 4,000 elevating devices located across the province. In late 2016 (the time of the audit), TSASK was transitioning from tracking its inspections of elevating devices in excel spreadsheets to tracking them in a new IT system.

  It had plans to move from its current inspection approach to a risk-informed strategy. It based its current approach on location in that it inspected devices by region. It had divided the province into 40 regions. It recognized that use of a risk-informed strategy would help it focus resources on highest risks. In addition, it needs to formalize its process for handling incidents and complaints, and inspect escalators based on assessed risks.

  Routine and proper inspections are a key component of effectively regulating elevating devices. They help prevent device malfunction and keep the public safe.

In addition, the Office continues to focus a portion of its audit effort on the health and education sectors as almost two-thirds of the Government's spending is in these sectors. Five audits, in this Report, are of agencies within the health or education sectors. With the Government's move to a single provincial health authority, the Office has directed recommendations to the new Authority.

- **Chapter 10: Regina Qu'Appelle Regional Health Authority—Efficient Use of MRIs:** MRIs play a vital role in accurate and timely diagnosis of medical conditions. Regina Qu'Appelle Regional Health Authority (RQHR) provides MRI services directly and through contracted private MRI operators.

The audit identified various areas where RQHR could improve its processes to use MRIs more efficiently.

As the Ministry of Health has publicly reported, RQHR did not meet demand for MRI scans in 2016, and it is not meeting its wait-time guidelines. At December 31, 2016, RQHR had 2,610 patients waiting for an MRI. Over half of them expected to receive a MRI scan within 30 days (i.e., categorized as semi-urgent—level 3), but waited an average of 76 days. The audit found that RQHR had not identified the root causes for the delays or its inability to meet demand.

RQHR did not track the actual dates of each stage of providing MRI services, or the reasons for rescheduling of MRI appointments. RQHR needs to regularly analyze its MRI data to determine the causes of significant waits. Identifying the causes would provide a basis for strategies to reduce the length of time patients wait for MRI scans.

In addition, it did not formally assess the quality of MRI services provided by radiologists in the hospitals or those in private MRI clinics (e.g., interpretation of MRI scans). It did not track the results of its informal monitoring of about 60 radiologists working in the Region.

Accurate interpretations of MRI scans are crucial to proper diagnosis and treatment for patients. In addition, tracking of the results of monitoring radiologists would provide the Board of the Region with useful information when granting radiologists privileges to provide MRI services within the Region.

In addition, RQHR did not regularly monitor MRI scans requested of contracted private MRI operators. Regular monitoring would confirm private operators prioritize the Region's requests consistent with the Region's wait-time guidelines. Also, it could help identify concerns with the number of scans contracted private MRI operators complete given the adoption of the One-for-One Model.

**Chapter 12: Saskatoon Regional Health Authority—Overseeing Contracted Special-Care Homes:** At December 2016, Saskatoon Regional Health Authority needed to do more to oversee 20 contracted special-care homes to know whether these comply with the Ministry of Health's minimum care standards. It has contracted with them to provide long-term care to almost 1,600 residents at an annual cost of about $100 million.

The audit found the current relationship between the Ministry of Health, the Authority, and contracted homes to be complex and confusing. A clarified accountability relationship would help homes to understand who they are responsible to and what they are responsible for. In addition, it would streamline responsibilities for monitoring of homes.

In addition, the linkage between information that homes must provide and the quality of care is unclear with some requirements not set out in the contracts. Having clear service expectations, targets, and reporting requirements in contracts would let homes more clearly know what quality of care they are to provide residents for the compensation they receive. In addition, clear expectations and targets would enable better monitoring of the quality of care that homes provide.

Homes are not consistently achieving the Ministry's quality-of-care targets. For example in both 2014 and 2016, 14 of the 20 homes did not meet the Ministry's target for percentage of residents whose bladder incontinence worsened. Inspecting care homes on a systematic basis would assist the Authority in identifying the reasons for not meeting expectations. Promptly addressing underlying reasons would help ensure residents receive quality care.

**Chapter 6: Health—Detecting Inappropriate Physician Payments:** Each year under a fee-for-service arrangement, the Ministry of Health pays about 1,800 physicians about $500 million to provide insured health services to residents with valid health cards. Fee-for-service payments account for about one-tenth of Saskatchewan's total annual costs for health services.

The fee-for-service arrangement requires physicians to submit accurate billings and, to some extent, uses the honour system. It recognizes that the Ministry cannot practically confirm the validity of all billings prior to paying physicians.

The Ministry recognizes that, at times, physicians may submits bills for the incorrect amount because of misunderstandings, mistakes or, on occasion, deliberate actions. While it takes some steps to check the validity of billings before paying, the audit found the Ministry needs to do more to avoid overpaying physicians.

Because its current 50-year-old IT system has limitations and is inflexible, the Ministry does not use data analytics to help identify questionable billings before making payments. Rather the Ministry relies on simple edits in its IT system along with labour-intensive manual assessments to identify questionable billings and adjust them before paying. The audit found each staff is handling an increasing volume of manual assessments in each bi-weekly pay period (i.e., each assess 800 billings). They have limited time to assess the billings as the Ministry aims to pay physicians on time.

Our analysis of 2015-16 billing data suggests the Ministry was not always identifying all potentially large inappropriate billings prior to paying. The audit identified 78 physicians, paid $64 million in total, with billings two times the average of their peer group. The Ministry needs to conduct a cost-benefit analysis of IT systems that would better identify inappropriate physician billings before making payments, and reduce its risk of overpaying.

The Joint Medical Professional Review Committee investigates billing practices of physicians that the Ministry refers to it, and can order physicians to repay the Ministry for its estimate of overpayments. In 2016-17, it reviewed billing practices of nine physicians and ordered repayment of $1.2 million.

The audit identified that the Ministry does not have defined criteria to guide which physicians to refer to the Committee for investigation of questionable billings. Furthermore, the low volume of physicians this Committee reviews each year combined with the number of staff currently assigned to review payments to physicians is limiting the Ministry's ability to recover overpayments from physicians. In addition, it may not be sufficiently reinforcing to physicians the importance of them having appropriate fee-for-service billing practices. The Ministry needs to assess options to conduct more investigations into physicians with questionable billing practices.

- **Chapter 9: Mamawetan Churchill River Regional Health Authority—Delivering Provincially Funded Childhood Immunizations:** Immunization programs can prevent many diseases and have a positive impact on the overall health of individuals. In addition, they can result in substantial savings to the health system and improve the length and quality of life.

  Over one-third of Mamawetan's 24,000 residents are under the age of 17 with almost two-thirds of those living on reserve. The Federal Government is responsible for immunizing residents living on reserve.

  Mamawetan delivers provincially funded immunization services that include 14 different vaccines to children under the age of 17. Most of Mamawetan's immunization coverage rates are lower than the provincial average. While it had various strategies to promote awareness of its immunization services and took steps to make them available to residents, it needs to do more.

  Mamawetan needs to analyze childhood immunization rates by community to help identify where additional supports or strategies are required to increase coverage rates. To properly protect its vaccines and prevent the use of ineffective vaccines, it needs to consistently follow its policies for storing vaccines, managing vaccine inventory, and developing emergency event recovery plans.

- **Chapter 8: Living Sky School Division No. 202—Engaging Grades 7 to 12 Students:** Student engagement contributes positively to students' academic achievement and well-being. Student engagement tends to decline as students progress through middle and secondary school (i.e., Grades 7 to 12). The Ministry of Education expects school divisions to more actively engage students in learning and in having a positive sense of belonging.

  Living Sky School Division No. 202 was working to improve the engagement of its students. It used the Ministry-led OurSCHOOL annual survey of students as its primary tool to measure student engagement. It needs to obtain input of its local Indigenous leaders on survey results specific to Indigenous students to help the Division address the disparity in results between self-identified Indigenous students and other students—almost one-third of its Grades 7 to 12 students are of Indigenous ancestry. In addition, it needs to better analyze the survey results and use this analysis to focus its initiatives on areas critical to better engaging students, and deliberately consider discontinuing initiatives no longer needed. This may help it overcome initiative overload.

The following is a quick recap of the other performance audit work in this Section of the Report:

- **Chapter 3: Economy—Working Towards Establishing Outcomes-Based Contracts:** The Ministry of the Economy is in the early stages of using a form of outcomes-based contracts for its training programs for unemployed or underemployed individuals with the objective of improving their employability. Although training program contracts set out what the Ministry expected program participants to gain from the training, they did not do so in a way that allowed the Ministry to determine whether the program improved employability of program participants. In addition, the Ministry continued to pay suppliers of these training programs in the same way as it paid other suppliers—that is, on the delivery of the training programs and not results.

**Chapter 4: Environment—Climate Change:** Saskatchewan's greenhouse gas (GHG) emissions increased by 8% from 2004 to 2014. Ten per cent of Canada's GHG emissions come from Saskatchewan. Canada produces about two per cent of global GHG emissions.

In March 2016, governments across Canada, including the Government of Saskatchewan, agreed to take steps to reduce GHG emissions to mitigate their effect on climate, and to reduce the vulnerability and increase the resilience of nature and people to the effects of climate change. These governments agreed to implement GHG reduction policies to reduce Canada's emissions by 30% from 2005 levels by 2030. This agreement does not hold the Government of Saskatchewan to a specific provincial target.

At January 2017, Saskatchewan was at the policy development stage. The Ministry of Environment, at that time, was developing policies related to reducing GHG emissions and was leading the development of a co-ordinated provincial adaptation plan. Without plans, policies and targets, Saskatchewan may not be able to fulfill its commitment to Canada to contribute to the reduction of GHG emissions. In addition, plans, policies, and target would help guide future mitigation and adaptation activities and help determine whether existing activities underway align.

**Chapter 5: Finance—Implementing the Revenue Administration Modernization Project:** The Revenue Administration Modernization Project (RAMP) is the Ministry of Finance's $35.5 million five-year project to change its processes to administer taxation revenues like PST and tobacco tax. RAMP includes putting in a new IT system and retiring up to 25 tax-related IT systems.

Finance expects implementing RAMP will lead to productivity gains (e.g., reducing time to process revenue transactions), financial benefits of $103 million over 15 years, improved customer service, and increased IT system availability (e.g., less downtime).

The audit found the Ministry had mostly effective processes for managing the implementation of RAMP, and identified a couple of improvements. The Ministry must determine how best to measure and report on the realization of expected benefits. Setting clear measures early in the project is key to determining whether RAMP achieves the productivity, revenue, and efficiency gains expected. In addition, it must include all costs incurred in its monthly project status reports.

**Chapter 13: SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware:** In 2016, SaskTel spent about $130 million for its fibre optic network upgrade and other network hardware. In 2016, SaskTel had generally effective processes to buy goods and services for its fibre optic network and other network hardware. The audit identifies a few areas for improvement. Strong processes to buy goods and services are transparent, fair, and achieve best value.

## Audit Follow Ups

This section of the Report includes the results of 20 follow-ups. The following table summarizes the status of recommendations by agency by follow-up. The Office systematically assesses the status of outstanding audit recommendations to determine whether agencies have made recommended improvements.

In the Office's view, implementation of recommendations reflects a culture of being receptive to improving administration and management of public money.

**Audit follow-ups** are assessments of the sufficiency of actions taken to address recommendations made in our past performance audits, and those made by standing committees on Public Accounts and on Crown and Central Agencies from their review of our reports. We do the first follow-up either two or three years after our initial audit, and every two or three years thereafter until the recommendations are implemented.

The Office is generally pleased with the progress of agencies in making improvements. For this Report, agencies had implemented just over two-thirds of the recommendations the Office followed up, and were making good progress on implementing the remaining.

The Office found the pace of improvements at two of these agencies notable. **Chapter 26: Saskatchewan Government Insurance** reports that SGI improved its monitoring of certified vehicle inspection stations by implementing all six recommendations made just two years ago. **Chapter 24: Regina Qu'Appelle Regional Health Authority** reports that the Authority made good progress in improving its processes for safe and timely discharge of hospital patients; it implemented 8 of 11 recommendations also made just two years ago.

Conversely, the pace of implementation of recommendations of four agencies, while steady, was slow. For one agency, the recommendations relate to providing government ministries and agencies with appropriate space in which to operate—one of its key functions. For the remaining three of these four agencies, the recommendations relate to improving their regulatory processes to keep the public and environment safe.

**Chapter 15: Central Services** reports that the Ministry of Central Services, by February 2017, had not fully implemented the following two recommendations we first made in 2011 about its planning for client accommodations (e.g., office space). We recommended that it *verify staffing information provided by its clients for the Ministry's buildings*, and *monitor and report on implementation of an overall accommodation plan*. The Ministry did not know whether it complied with a 2010-11 directive from Cabinet about the maximum allowable amount of office space per full-time equivalent employee—we noted several ministries with more than the allowable amount of space.

**Chapter 23: Environment and Finance** reports that the Ministry of Environment, by mid-March 2017, had not fully implemented the following recommendation we first made in 2008 about its regulation of contaminated sites. We recommended that it *complete risk assessments for identified contaminated sites and rank them in terms of priority*. Prioritizing risks of sites would help ensure sites assessed as high-risk of environmental damage receive sufficient and timely attention. Delays in clean up of sites may cause unnecessary risks to public health and safety.

**Chapter 31: SaskPower** reports that SaskPower, by mid-March 2017, had not fully implemented the following recommendation we first made in 2011 about its inspection of gas and electrical installations. We recommended that it *review inspectors' rationale for not inspecting gas and electrical permits for high-risk installations.* SaskPower does not know whether it inspected all installations assessed as high-risk of improper installation or whether its inspectors had appropriately decided not to inspect such installations. Not checking that high-risk installations of gas and electrical equipment are appropriately inspected may increase the risk of explosions, fires, and other safety risks.

**Chapter 18: Economy** reports that the Ministry of the Economy, by March 2017, had not fully implemented the following three recommendations we first made in 2012 about its regulation of oil and gas pipelines. We recommended that it *develop written policies and procedures to guide staff when … evaluating pipeline operations; implement a risk-based assessment approach to monitor pipeline construction and verify pressure tests*; and *monitor pipeline operator compliance with integrity management and safety processes for existing pipelines*. By March 2017, it was not doing enough to effectively regulate oil and gas pipelines. Not effectively regulating pipelines may result in not identifying and addressing poor pipeline design and inadequate maintenance in time to prevent pipeline leaks, explosions, or other hazards. Leaks can cause costly and sometime irreparable contamination to the environment seriously affecting people.

| Chapter Name | Related Report[A,B] | Number of Recommendations Outstanding | Status of Recommendations | | | |
|---|---|---|---|---|---|---|
| | | | Implemented | Partially Implemented | Not Implemented | No longer Relevant |
| **Initial Follow Ups** | | | | | | |
| Economy—Co-ordinating English-Language Programs | 2015 Report – V1 | 5 | 2 | 3 | - | - |
| Economy—Monitoring IT Service Providers | 2014 Report – V2 | 3 | 3 | - | - | - |
| Education—Putting into Operation the Education Sector-Wide Strategic Plan | 2015 Report – V1 | 2 | 1 | 1 | - | - |
| Regina Qu'Appelle Regional Health Authority—Safe and Timely Discharge of Hospital Patients | 2015 Report – V1 | 11 | 8 | 3 | - | - |
| Saskatchewan Government Insurance—Monitoring Certified Vehicle Inspection Station | 2015 Report – V1 | 6 | 6 | - | - | - |
| **Initial Follow Ups Subtotal** | | **27** | **20** | **7** | **-** | **-** |
| **Subsequent Follow Ups[C]** | | | | | | |
| Central Services—Planning Accommodations | 2011 Report – V1<br>2014 Report – V1 | 4 | 2 | 2 | - | - |
| Economy—Regulating Pipelines | 2012 Report – V1<br>2014 Report – V2 | 5 | 2 | 2 | 1 | - |
| Education—Capital Asset Planning for Schools | 2013 Report – V1<br>2015 Report – V1 | 5 | 3 | 2 | - | - |
| Education—Increasing Grade 12 Graduation Rates | 2012 Report – V1<br>2014 Report – V1 | 10 | 5 | 4 | 1 | - |
| Environment—Regulating Reforestation | 2009 Report – V3<br>2011 Report – V2<br>2014 Report – V1 | 3 | 3 | - | - | - |

| Chapter Name | Related Report[A,B] | Number of Recommendations Outstanding | Status of Recommendations | | | |
|---|---|---|---|---|---|---|
| | | | Implemented | Partially Implemented | Not Implemented | No longer Relevant |
| Environment and Finance—Regulating Contaminated Sites | 2008 Report – V1<br>2013 Report – V1<br>2014 Report – V2 | 5 | 4 | 1 | - | - |
| Regina Qu'Appelle Regional Health Authority—Use of Surgical Facilities | 2013 Report – V1<br>2015 Report – V1 | 1 | 1 | - | - | - |
| Saskatchewan Opportunities Corporation—Maintaining Facilities | 2012 Report – V1<br>2015 Report – V1 | 2 | 2 | - | - | - |
| Saskatchewan Water Corporation—Maintaining Infrastructure | 2006 Report – V1<br>2009 Report – V1<br>2014 Report – V1 | 2 | 2 | - | - | - |
| Saskatoon Regional Health Authority—Protecting IT Infrastructure | 2010 Report – V2<br>2012 Report – V2<br>2014 Report – V2 | 3 | 3 | - | - | - |
| SaskPower—Buying Goods and Services Valued Under $100,000 | 2007 Report – V3<br>2010 Report – V1<br>2011 Report - V2<br>2014 Report – V1 | 2 | 2 | - | - | - |
| SaskPower—Gas and Electrical Installation Inspections | 2011 Report – V2<br>2014 Report – V1 | 2 | 1 | 1 | - | - |
| Social Services—Placing Minister's Wards in Permanent Homes | 2013 Report – V1<br>2015 Report – V1 | 3 | - | 3 | - | - |
| Social Services—Supervision of Community-Based Organizations | 2012 Report – V1<br>2014 Report – V2 | 5 | 2 | 3 | - | - |
| University of Regina—Protecting Interests in Research | 2013 Report – V1<br>2015 Report – V1 | 13 | 10 | 3 | - | - |
| **Subsequent Follow Ups Subtotal** | | **65** | **42** | **21** | **2** | **-** |
| **Overall Total** | | **92** | **62** | **28** | **2** | **-** |

Source: Compiled by Provincial Auditor of Saskatchewan.

[A] V – means Volume.

[B] The related Report reflects the report in which: the Office first made the recommendation(s) (for initial follow ups); and the Office last reported on the status of implementation of outstanding recommendations (for subsequent follow ups).

[C] For Subsequent Follow Ups, the Number of Recommendations is the number of recommendations that remained not implemented after the previous follow up.

## 2.0 ACKNOWLEDGMENTS

The Office appreciates and thanks the staff and management of all government agencies along with their appointed auditors (if any) for the co-operation it received in the completion of the work included in this Report.

In addition, as Provincial Auditor, I thank the Provincial Auditor team for their diligence, commitment, and professionalism. Only through their hard work can we fulfill our mission—*We promote accountability and better management by providing Legislators and the public with an independent assessment of the government's use of public resources.*

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McKillop, Steven
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Rau, Brent
Reimer, Dane
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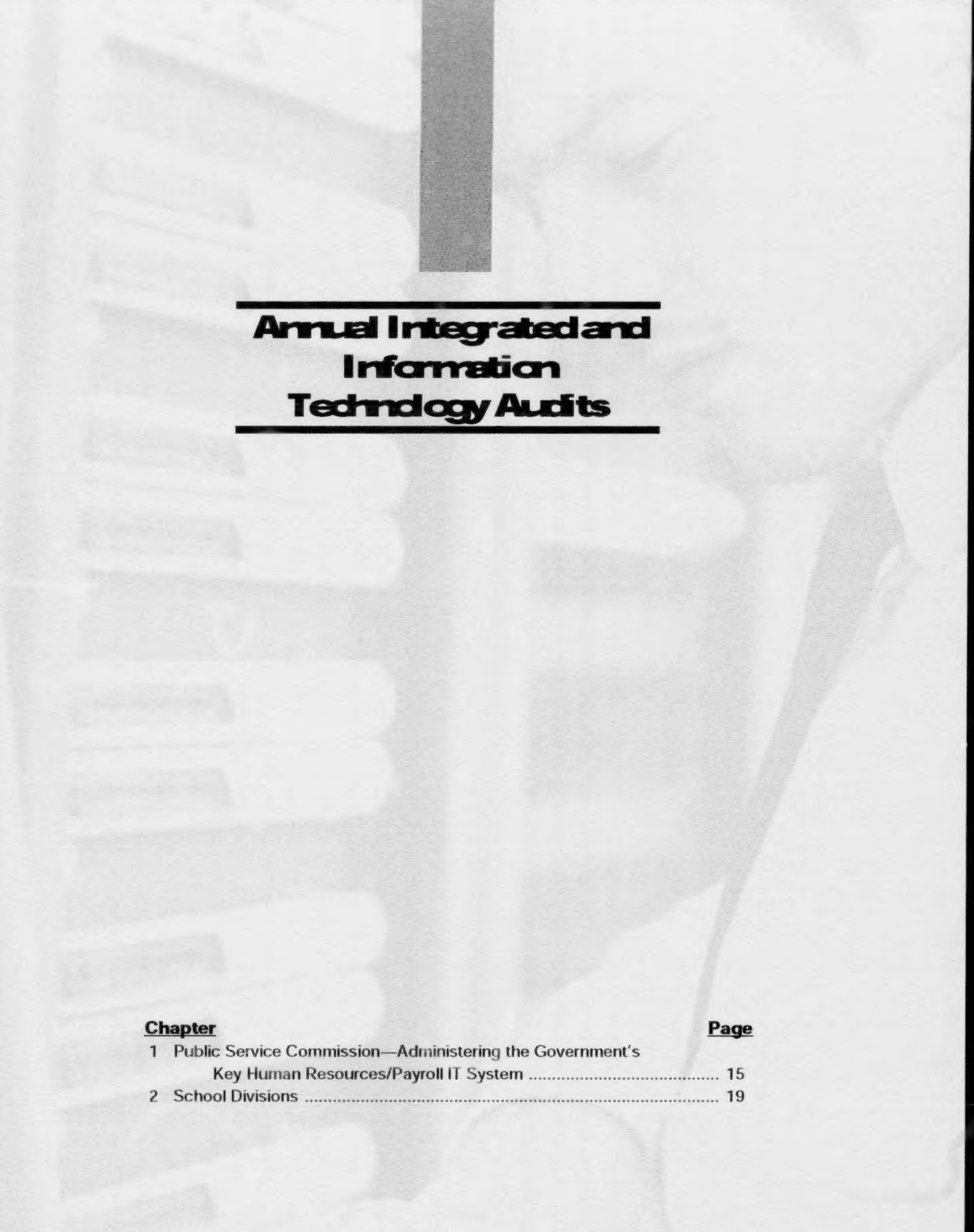

# Annual Integrated and Information Technology Audits

**Chapter** **Page**

1 Public Service Commission—Administering the Government's Key Human Resources/Payroll IT System ........ 15

2 School Divisions ........ 19

# Chapter 1
# Public Service Commission—Administering the Government's Key Human Resources/Payroll IT System

## 1.0 MAIN POINTS

Under *The Public Service Act, 1998*, the Public Service Commission is the central human resource agency for about 12,000 staff[1] primarily employed by government ministries and agencies.[2] The Commission also administers the human resources and payroll system, which processed over $919 million in payroll expenses.[3]

The Commission had effective central controls to protect the confidentiality, integrity, and availability of transactions on the human resources and payroll system with one exception. The Commission needs to follow its procedures to review and approve payroll reports prior to paying employees.

Reviewing and approving payroll reports before paying employees reduces the risk of inappropriate payments to employees and/or inaccurate employee records.

## 2.0 INTRODUCTION

The Multi-Information Database Application System – human resources/payroll (MIDAS HR/Payroll) helps the Commission, ministries, and certain other government agencies manage employee information (e.g., benefits, salary, job assignment, training) and process payroll transactions.

The Commission provides leadership and policy direction for the development of a professional public service. It delivers human resource services including staffing, classification of positions, compensation, and labour relations.[4]

The Commission is responsible for MIDAS HR/Payroll. The Human Resource Service Centre,[5] a unit of the Commission, is responsible for providing employee, payroll, and benefit administration. The Commission contracts with the Ministry of Central Services to monitor security and provide technical support to MIDAS HR/Payroll.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the Commission's central controls to manage and secure MIDAS HR/Payroll and its data for the 12-month period ended December 31, 2016. The audit did not assess the effectiveness of controls or processes at ministries and certain other government agencies who use MIDAS HR/Payroll.

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[1] Includes permanent full-time, permanent part-time, term, and labour service staff.
[2] www.cs.gov.sk.ca/demographics (29 March 2017).
[3] Payroll expenses from the Commission's 2015-16 financial records.
[4] Public Service Commission, *Plan for 2017-18*.
[5] Previously called the Employee Service Centre.

We conduct this audit annually to support our audits of agencies that use MIDAS HR/Payroll to process and record payroll transactions. These agencies rely on the Commission, as a service provider, to have effective central controls and carry them out properly.

We examined the Commission's agreements, plans, reports, policies, and processes. We also interviewed Commission staff and assessed the Commission's controls to manage and secure MIDAS HR/Payroll.

To conduct our audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Commission's processes, we used criteria based on the *Trust Services Principles and Criteria* authored by the Chartered Professional Accountants of Canada (CPA) and the American Institute of Certified Public Accountants (AICPA), as well as international standards, literature, and reports of other legislative auditors. Our criteria, set out in **Figure 1**, describe the key processes that we expect the Commission to have. The Commission's management agreed with these criteria.

**Figure 1—Audit Criteria**

1. **Monitor systems and data centrally**
    - 1.1 Responsibilities are clearly defined
    - 1.2 Management has approved policies and procedures
    - 1.3 Management monitors security and system operating as planned
2. **Protect systems and data from unauthorized access**
    - 2.1 User access controls protect the system from unauthorized access
    - 2.2 Physical security controls protect the system from unauthorized access
3. **Make systems and data available for operation**
    - 3.1 System and data backups occur and are tested
    - 3.2 Disaster recovery plans are in place and tested
4. **Maintain the integrity of systems and data**
    - 4.1 Processes to manage the system and data exist and are followed
    - 4.2 Change management processes exist and are followed

**We concluded that, for the 12-month period ended December 31, 2016, the Public Service Commission had effective central controls to manage and secure MIDAS HR/Payroll except it needs to review payroll reports before paying employees.**

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key finding and recommendation related to the audit criteria in **Figure 1**.

### 4.1 More Timely Review of Payroll Reports Needed

Commission staff did not regularly review payroll reports prior to paying employees, as its procedures require.

We examined reports the Commission used to formally review and approve payroll prior to paying employees.[6] During 2016, about 320 of these payroll reports required review. Twenty-one of the 40 reports we examined were not reviewed as expected prior to processing payroll. The expectation is that the Commission staff review reports by noon the day prior to payday.

The Commission's quality assurance and audit area identified an additional 29 reports that were not reviewed when expected.

We also examined reports the Commission used to confirm the accuracy of new and revised employee records in MIDAS HR/Payroll. Three out of 13 reports we tested were not reviewed as expected prior to processing payroll.

Management did not identify any payroll errors in the reports we reviewed.

Reviewing payroll reports prior to issuing payments helps identify potential errors in payroll (e.g., incorrect number of hours worked, salaries) and reduces the risk of incorrect payments to employees or incorrect payroll records. The Commission needs to review payroll reports timely so it can take corrective action prior to finalizing payroll.

1. **We recommend that the Public Service Commission follow its established procedures for reviewing payroll reports prior to making payroll payments.**

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[6] In accordance with *The Financial Administration Act, 1993.*

# Chapter 2
# School Divisions

## 1.0 MAIN POINTS

This chapter reports the results of the annual audits of the 28 school divisions for the year ended August 31, 2016. The 2015-16 financial statements of each of these school divisions are reliable, and each complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Twenty-five school divisions had effective rules and procedures to safeguard public resources. We make recommendations for improvements to three school divisions. Holy Family needs to independently review and approve journal entries. Northern Lights continues to need to test its IT disaster recovery plan, and Sun West needs to document its IT disaster recovery plan. In addition, in 2015-16 four school divisions improved their financial-related controls.

## 2.0 INTRODUCTION

*The Education Act, 1995* and regulations set out the roles and responsibilities of the Ministry of Education (Ministry) and Saskatchewan's 28 school divisions (see **Appendix 2**). Over 179,000 students attend more than 750 Saskatchewan schools each day.[1]

Elected boards of education (school boards), including the Conseil scolaire fransaskois (French language schools), are responsible for administering and managing provincially-funded schools (i.e., public, separate, or French language). **Figure 1** provides the combined financial results of the 28 school divisions for 2014-15 and 2015-16.

**Figure 1—School Divisions' Combined Financial Results**

| | 2015-16 | 2014-15 |
|---|---|---|
| | (in billions) | |
| Net Financial Assets | $ 0.2 | $ 0.2 |
| Non-financial Assets (e.g., capital assets such as schools) | 2.3 | 1.9 |
| Ministry of Education Grants | 1.6 | 1.3 |
| Property Taxes | 0.7 | 0.7 |
| Other Revenue (e.g., school generated funds, tuition) | 0.2 | 0.2 |
| Total Revenue | 2.5 | 2.2 |
| Expenses | $ 2.1 | $ 2.1 |
| Annual Surplus | $ 0.4 | $ 0.1 |

Source: Audited school division financial statements.

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[1] www.publications.gov.sk.ca/documents/11/95843-2016%20Provincial%20Enrolment%20Statistics.pdf (8 March 2017); Saskatchewan schools do not include schools under the responsibility of First Nations or private schools.

# 3.0 AUDIT CONCLUSIONS AND SCOPE

Our Office worked with appointed auditors (see **Appendix 2**) to carry out the annual integrated audits of the school divisions. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.[2]

**In our opinion, for the year ended August 31, 2016:**

- **Each school division complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  *The Education Act, 1995*
  *The Education Regulations, 1986*
  *The Financial Administration Act, 1993* (section 38)
  *The Pension Benefits Act, 1992* (section 44)
  *The Pension Benefits Regulations, 1993* (section 38)
  *Pension Benefit Standards Regulations, 1985* (Canada) (sections 9[1], 11[1])

- **The financial statements of each school division are reliable**

- **Each school division had effective rules and procedures to safeguard public resources except for the matters related to the following school divisions: Holy Family, Northern Lights, and Sun West**

We used the control framework published by CPA Canada to make our judgments about the effectiveness of each school division's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

As school divisions' expenses consist primarily of payroll and other goods and services, each audit included examining processes for preparing and processing payroll, and ordering, paying for, and receiving goods and services. Also, as each school division uses IT systems to operate, we examined school divisions' processes to safeguard financial-related IT systems and data.

# 4.0 KEY FINDINGS BY SCHOOL DIVISION

## 4.1 Holy Family Roman Catholic Separate School Division No. 140

### 4.1.1 Independent Review and Approval of Journal Entries Needed

During 2015-16, Holy Family Roman Catholic Separate School Division No. 140 (Holy Family) did not follow its policy for journal entries.

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[2] See our website at www.auditor.sk.ca.

Holy Family's policy requires journal entries to be independently reviewed and approved by another person prior to entry into the accounting records. During the year, Holy Family did not review and approve journal entries.

Lack of independent review and approval increases the risk of unauthorized entries made into the accounting records, which could result in decision makers using inaccurate financial information.

1. **We recommend that Holy Family Roman Catholic Separate School Division No. 140 follow its policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval.**

## 4.2 Northern Lights School Division No. 113

### 4.2.1 Tested IT Disaster Recovery Plan Needed

We recommended that Northern Lights School Division No. 113 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015)

**Status** – Partially Implemented

During 2014-15, Northern Lights School Division No. 113 had completed, approved, and implemented an IT disaster recovery plan. However, at August 2016, it had not yet tested its plan.

Without a tested IT disaster recovery plan, the school division does not know if it could continue to deliver its programs and services if disruption or damage occurred to its IT systems (e.g., accounting system).

## 4.3 Sun West School Division No. 207

### 4.3.1 Documented Disaster Recovery Plan Needed

During 2015-16, Sun West School Division No. 207 (Sun West) had procedures in place to address how it would continue to deliver its programs and services if disruption or damage occurred to its IT systems (e.g., accounting system). However, Sun West has not documented these procedures.

A formal documented disaster recovery plan would assist Sun West in carrying out proper procedures in the event of a disruption or if key IT staff were to leave the organization.

**2. We recommend that Sun West School Division No. 207 formally document its IT disaster recovery plan.**

## 5.0 IMPLEMENTED RECOMMENDATIONS BY SCHOOL DIVISION

**Figure 2** sets out, by school division, past recommendation(s) and highlights key actions taken to implement each of them during 2015-16.

**Figure 2—Implemented Recommendations by School Division**

| Past Recommendation (Initial PAS Report, Date of Agreement of PAC)^ | Key Actions Taken During 2015-16 to Implement Recommendations |
|---|---|
| **Chinook School Division No. 211** | |
| We recommended that Chinook School Division No. 211 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015) | By August 2016, Chinook had tested its approved IT disaster recovery plan. |
| **Holy Trinity Roman Catholic Separate School Division No. 22** | |
| We recommended that Holy Trinity Roman Catholic Separate School Division No. 22 only pay for purchases that are properly authorized. (2016 Report – Volume 1; Public Accounts Committee agreement September 14, 2016) | During 2015-16, Holy Trinity followed its purchasing policy requiring an appropriate authority (e.g., supervisor) to review and approve items prior to payment. |
| **Ile-a-la Crosse School Division No. 112** | |
| We recommended that Ile-a-la Crosse School Division No. 112 formally document and implement a policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval. (2013 Report – Volume 1; Public Accounts Committee agreement February 13, 2015) | During 2015-16, Ile-a-la Crosse revised its policy for recording journal entries. The Director of Education must review and approve journal entries. |
| We recommended that Ile-a-la Crosse School Division No. 112 develop financial management policies and procedures to address its financial risks. (2016 Report – Volume 1; Public Accounts Committee agreement September 14, 2016) | During 2015-16, Ile-a-la Crosse implemented policies and procedures to manage its financial risks. For example, its Board of Education reviews and approves invoices and payments, and receives quarterly financial statements and variance analysis. The school division also implemented a policy on asset management. |
| **Lloydminster Public School Division No. 99** | |
| We recommended that Lloydminster Public School Division No. 99 review and approve cheque registers prior to printing signed cheques for payment. (2016 Report – Volume 1; Public Accounts Committee agreement September 14, 2016) | During 2015-16, Lloydminster Public revised its processes to review and approve cheque registers prior to issuing payments (e.g., printing of cheques that the accounting system automatically signs for payment). |

^ PAS – Provincial Auditor of Saskatchewan.
PAC – Standing Committee on Public Accounts.

# Performance Audits

**Chapter** **Page**

3 Economy—Working Towards Establishing Outcomes-Based Contracts ........ 25
4 Environment—Climate Change ........ 41
5 Finance—Implementing the Revenue Administration Modernization Project ........ 55
6 Health—Detecting Inappropriate Physician Payments ........ 65
7 Highways and Infrastructure—Enforcing Vehicle Weight and Dimension Requirements ........ 81
8 Living Sky School Division No. 202—Engaging Grades 7 to 12 Students ........ 99
9 Mamawetan Churchill River Regional Health Authority—Delivering Provincially Funded Childhood Immunizations ........ 115
10 Regina Qu'Appelle Regional Health Authority—Efficient Use of MRI ........ 133
11 Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees' On-table Sale of Liquor ........ 147
12 Saskatoon Regional Health Authority—Overseeing Contracted Special-Care Homes ........ 161
13 SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware ........ 181
14 Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices ........ 193

# Chapter 3
# Economy—Working Towards Establishing Outcomes-Based Contracts

## 1.0 MAIN POINTS

In 2015-16, the Ministry of the Economy started to use of a form of outcomes-based contracts for its labour programs such as the Adult Basic Education—Essential Skills for the Workplace Program (ESWP)—training programs for unemployed or underemployed with the objective of improving their employability.

The Ministry worked with suppliers to incorporate into ESWP contracts what it expected program participants to gain from the training. However, it did not always do it in a way that allowed determination of what was achieved. Therefore, the Ministry cannot know if its ESWP training programs have improved employability of program participants (primarily Aboriginal people).

In addition, although the Ministry refers to its ESWP contracts as outcomes-based, it paid suppliers of ESWP training programs in the same way as it pays other suppliers. That is, it pays them based on the delivery of the training programs and not results achieved.

As such, the Ministry is in the early stages of using outcomes-based contracting. The form of outcomes-based contracting that it is using does not align contracted terms of payment with the suppliers' achievement of agreed-upon outcomes. In addition, it does not use incentives to promote suppliers' achievement of agreed-upon outcomes. These features are key to obtaining overall better value, better performance, and lower costs for contracted services.

## 2.0 INTRODUCTION

This chapter describes the results of our audit of the Ministry's processes for establishing outcomes-based contracts for the delivery of its Adult Basic Education—Essential Skills for the Workplace Program.

### 2.1 Adult Basic Education—Essential Skills for the Workplace Program: Use of Outcomes-Based Contracting

The Ministry is responsible for increasing employment opportunities for Saskatchewan people. Under *The Ministry of the Economy Regulations, 2014* (s.3), the Ministry is to co-ordinate, develop, promote, and implement policies and programs related to:

- Training and career-related services
- Increasing participation in the labour market
- Support for employers in meeting their labour market needs

The Ministry administers programs designed to develop skills of those under-represented in the labour market. For example, its Adult Basic Education programs are intended to assist adults in furthering their education and to acquire essential skills. The Ministry has defined essential skills for the workplace to include reading, document use, numeracy, writing, oral communication, working with others, thinking, computer use, and continuous learning.[1]

The purpose of ESWP, an Adult Basic Education subprogram, is to help low-skill job seekers to acquire the essential skills required to work in local businesses, and to assist employers to hire and retain workers. ESWP provides general and job-specific programs at a basic level for learners with low levels of literacy and numeracy to prepare them for entry-level jobs. The Ministry has assigned responsibility for ESWP to its Labour Market Development Division (Division).

In 2015-16 and consistent with the *Ministry of the Economy Plan for 2015-16*,[2] the Division started using outcomes-based contracting (see **Section 6.0** for defining features of outcomes-based contracting).

The Ministry states that the primary purpose of using outcomes-based contracting is to improve client outcomes in the most efficient and effective manner. The Ministry expects including specific outcomes directly in contracts would help suppliers place more focus on achieving those outcomes. In addition, the Ministry expects to measure a supplier's performance based on how well the supplier achieved those outcomes.[3]

The Ministry budgeted $2.3 million (2015-16: $2.5 million) for ESWP outcomes-based contracts in 2016-17. During 2015-16, the Ministry entered into 21 outcomes-based contracts for ESWP with certain post-secondary institutions (e.g., Carlton Trail College, Parkland College, Saskatchewan Polytechnic) located across the province. In 2015-16, the Ministry spent $1.7 million under these contracts.

Not effectively establishing outcomes-based contracts increases the following risks: the Ministry not attracting sufficient suppliers willing to provide services under outcomes-based contractual arrangements, suppliers not delivering the expected results for the under-represented groups (e.g., not increasing employment readiness or essential skills and ultimately participation in the workforce), and inefficient use of money and resources.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the Ministry of the Economy's processes for establishing outcomes-based contracts for the delivery of its Adult Basic Education—Essential Skills for the Workplace Program for the period of September 1, 2015 to August 31, 2016.

We examined the Ministry's related processes, policies, and procedures. We interviewed Ministry staff responsible for outcomes-based contracting, and examined key related documentation. We tested a sample of request for proposals (RFPs) for ESWP contracts, and signed ESWP contracts.

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[1] http://abclifeliteracy.ca/nine-essential-skills (6 January 2017).
[2] The *Ministry of the Economy Plan for 2015-16* listed the key action of launching outcomes-based contract management with community-based organizations to support the shared commitment to good results for job seekers and employers. This action is part of its strategy to engage under-represented groups in the Saskatchewan workforce. www.finance.gov.sk.ca/PlanningAndReporting/2015-16/EconomyPlan1516.pdf (18 May 2016).
[3] Ministry of the Economy, *Outcomes-based Contract Management—Supplier Handbook*, (2015), p. 4.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. The Ministry's management agreed with the criteria (see **Figure 1**).

**Figure 1—Audit Criteria**

1. **Determine desired outcomes**
    - 1.1 Identify target populations
    - 1.2 Define clear and measurable outcomes to be achieved
    - 1.3 Seek input from service provider(s) to confirm outcomes are achievable
    - 1.4 Set accountability for results
2. **Establish ways to measure outcomes**
    - 2.1 Determine data sources to evaluate outcomes
    - 2.2 Set performance indicators
    - 2.3 Gather baseline data
    - 2.4 Define frequency of ongoing measurement
3. **Set payment structure to attract service providers and achieve desired outcomes**
    - 3.1 Set pay based on progress towards achieving desired outcomes
    - 3.2 Define due dates
    - 3.3 Consider negative and positive incentives
4. **Align RFPs and contracts with desired outcomes**
    - 4.1 RFPs contain sufficient expectations (e.g., target population, expected employment services, timelines and expected results)
    - 4.2 Contracts structure reflects expectations and the Ministry's desired outcomes

**We concluded that, for the period of September 1, 2015 to August 31, 2016, the Ministry of the Economy had, other than for the following areas, effective processes for establishing its form of outcomes-based contracts for the delivery of its Adult Basic Education—Essential Skills for the Workplace Program.**

**The Ministry is not always using clearly defined and measurable outcomes in its ESWP contracts. Use of clear and measurable outcomes will help it determine whether services provided under ESWP contracts result in quantifiable improvements for training program participants (clients).**

**The Ministry is in the early stages of using outcomes-based contracting. The form of outcomes-based contracting that it is using does not align contracted terms of payment with the suppliers' achievement of agreed-upon outcomes. In addition, it does not use incentives to promote suppliers' achievement of agreed-upon outcomes. These features are key to obtaining overall better value, better performance, and lower costs for contracted services.**

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our expectations (in italics) and our key findings and recommendations related to the audit criteria in **Figure 1**.

## 4.1 Determining Desired Outcomes

*We expected that the Ministry would identify the target populations associated with ESWP and the population's common needs with respect to securing and attaining employment. The Ministry would, in consultation with potential service providers (suppliers), define clear and measurable desired outcomes in a manner that attracts supplier participation in the program.*

*We expected that the Ministry would develop a request for proposal (RFP) that contained sufficient expectations (e.g., outlined expected results and timelines). The Ministry's outcomes-based contracts would clearly specify expected roles and responsibilities of each party.*

### 4.1.1 Guidance on Outcomes-Based Contracting Process Readily Available

The Ministry gave its staff and relevant suppliers clear and useful guidance on its outcomes-based contracting process.

In 2013, the Ministry, with the assistance of an outside consultant, developed a Manual (i.e., *Contract Management Manual—Enhanced Outcomes-Based Contracting*) for its staff and later a companion manual (i.e., *Outcomes-based Contract Management—Supplier Handbook* [Supplier Manual]) for suppliers to move towards contracting for results (i.e., outcomes) as opposed to just the delivery of specific services (deliverable). It decided to use this approach for some of its contracts, such as ESWP contracts.

In the Supplier Manual, the Ministry states the following:

- Under the Outcomes-Based Contract Management (OBCM) process, the Ministry will create contracts which:
  - Identify specific client outcomes that are being purchased,
  - Incorporate rating criteria and acceptability standards to ensure that quantifiable improvements are made for clients, and
  - Provide flexibility for suppliers to adopt innovative practices to achieve client outcomes

- Although contracts will include a list of specific client outcomes that must be achieved, the Ministry will not prescribe how the outcomes must be achieved. Suppliers will use their expertise to determine which services should be provided in order to achieve the best outcomes for clients in the most effective and cost-efficient manner.

- The primary purpose of OBCM is to improve client outcomes in the most efficient and effective manner. By negotiating specific outcomes directly into each contract, the suppliers understand what they are responsible for achieving and how their performance will be measured.

The Ministry defines outcome as the measurable change in a client's actions, attitude, behaviours, knowledge and/or perceptions, which was brought about by the supplier during the contract.

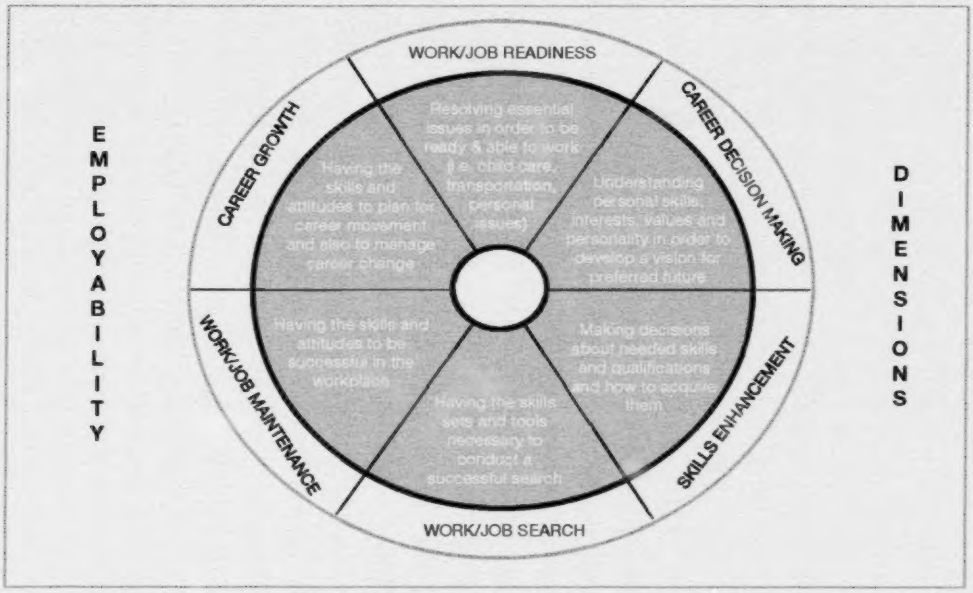
The Ministry keeps these manuals current and readily available to applicable staff and relevant suppliers.

### 4.1.2 Common Employability Needs and Broad Outcomes Defined

Using market research and its experience from other Adult Basic Education Programs, the Ministry identified the following barriers that most often impede individuals with low literacy skills (its target population, clients) from having sustained employment and attending and staying in training programs. These barriers include lack of: basic literacy skills, child care, transportation to workplace or training facility, attendance, and cultural support. In addition, it noted training programs often lacked sufficient follow up with the individuals after the program was completed.

As part of its outcomes-based contracting process, the Ministry adopted the Canadian Career Development Foundation's Employability Dimensions Wheel (see **Figure 2**). The wheel provides an overview of the various stages that clients may experience in the course of their career. It has six employability dimensions which range from Work/Job Readiness for individuals with basic needs (such as child care, transportation, personal issues like housing), to Career Growth for employed individuals who want to further their careers.

**Figure 2—Adopted Employability Dimensions Wheel**


EMPLOYABILITY
WORK/JOB READINESS
Resolving essential issues in order to be ready & able to work (i.e. child care, transportation, personal issues)
CAREER DECISION MAKING
Understanding personal skills, interests, values and personality in order to develop a vision for preferred future
SKILLS ENHANCEMENT
Making decisions about needed skills and qualifications and how to acquire them
WORK/JOB SEARCH
Having the skills sets and tools necessary to conduct a successful search
WORK/JOB MAINTENANCE
Having the skills and attitudes to be successful in the workplace
CAREER GROWTH
Having the skills and attitudes to plan for career movement and also to manage career change
DIMENSIONS

Source: Ministry of the Economy, *Outcomes-based Contract Management—Supplier Handbook*, (2015), p. 9.

The Ministry's outcomes-based contract manuals include a list of broad possible client outcomes and examples of ways to measure the achievement of outcomes (see **Figure 3**). It maintained its listing in its outcomes-based contract management manuals referred to above. The Ministry aligned these outcomes and acceptability levels[4] with the employability dimensions to enable services provided within a contract to respond to a client's career phase and help them overcome key barriers. It vetted the outcomes and acceptability levels with potential suppliers prior to their finalization.

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[4] Instead of performance indicators, the Ministry of the Economy's outcomes-based contracting program uses the terms metrics (i.e., to measure outcome) and acceptability levels (i.e., the Ministry's desired level of performance for the contract; minimum performance the Ministry will accept from a supplier).

**Figure 3—Examples of Pre-determined Client Outcomes and Related Metrics**

| Outcome | Measuring Tool | Metric | Acceptability Level |
|---|---|---|---|
| **Employability Dimension: Work/Job Readiness** | | | |
| Participants (clients) will receive the required employment supports to assist with their attachment to the labour market | Supplier reports | Percentage of participants that access employment supports to secure and obtain employment | 90% of participants access employment supports and obtain employment |
| Participants increase their sense of responsibility for their own choices and behaviors | Participant evaluation<br>Informal assessment tools<br>Counsellor observation reports | Percentage of participants that self-identify as having an increased understanding of responsibility for their own choices and behaviours<br>Percentage of participants that demonstrate increased responsibility for their own choices and behaviours | 75% of participants self-identify as having an increased understanding of responsibility for their own choices and behaviours<br>75% of participants have an increased sense of responsibility for their own choices and behaviors |
| Participants access an employment experience (work assessment, work placement, job shadow, etc.) | Service provider evaluation<br>Participant evaluation | Percentage of participants that participate in a work experience, assessment or job shadow | 25% of participants accessing service will participate in a work experience, assessment or job shadow<br>10% of participants will secure employment after the employment experience |
| **Employability Dimension: Skills Enhancement** | | | |
| Participants will have an enhanced multi-cultural awareness and understanding | Participant evaluation<br>Supplier reports | Percentage of participants that self-report as having an enhanced multi-cultural awareness and understanding<br>Percentage of participants that have an enhanced multi-cultural awareness and understanding as reported by the supplier | 100% of participants will self-report as having an enhanced multi-cultural awareness and understanding<br>100% of participants have an enhanced multi-cultural awareness and understanding as reported by the supplier |
| Participants will obtain necessary skills, certification, tickets, and/or licensing to meet employer qualifications in their occupation of choice | Participant evaluation<br>Supplier reports | Percentage of participants that receive the necessary certification for their desired employment<br>Percentage of employers who self-report as being satisfied with participant training | 70% of participants receive necessary certification for their desired employment<br>70% of participants self-report as being satisfied with participant training<br>70% of employers are satisfied with participant training |

Source: Ministry of the Economy, *Outcomes-based Contract Management—Supplier Handbook*, Appendix A and *Performance Monitoring Information Outcomes-based Contract Management*, (2015).

The Ministry does not expect all outcomes to apply to all contracts. Rather, as part of contract negotiations with each supplier of services, it expected the following:

- The Ministry and the supplier would select, from the Ministry's pre-determined listing, and agree on client-specific outcomes and metrics appropriate for the particular services being contracted (agreed-upon outcomes)

- The Ministry and the supplier would decide, using the Ministry's pre-determined listing as guidance, on how best to measure the agreed-upon outcomes (performance measures)
- The contract would include the agreed-upon outcomes and performance measures

In addition, the Ministry developed an outcomes-based contract template. The template defined the roles and responsibilities of the Ministry and of the supplier. It included setting out the following:

- Key deliverables (the work the supplier performs) (e.g., instruction in computer skills, personal growth, and employability skills)
- The nature and timing of reporting from the supplier to the Ministry (e.g., interim, final, and follow-up reports submitted by specified dates)
- The agreed-upon outcomes and performance measures
- Terms (timing and basis of amounts) of payment as long as the Ministry is reasonably satisfied services have been properly completed (e.g., pay 40% of eligible expenditures on receipt of interim report and verification of eligible expenditures to date)

Under the contract template, suppliers are responsible for tracking and reporting to the Ministry on the progress in achieving the agreed-upon outcomes that the contract specifies. Suppliers can use various methods and assessment tools (e.g., tests of participants, surveys) to determine each of their participants' level of understanding of subject areas relating to obtaining and retaining employment. The Ministry expects suppliers to use agreed-upon assessment tools at the beginning of the project to establish a baseline level of understanding, and near the end of the program to assess each of their participants' level of improvement.

### 4.1.3 Target Population for ESWP Identified

Consistent with the workforce strategy in the *Saskatchewan Plan for Growth – Vision 2020 and Beyond* (Saskatchewan Plan for Growth), the Ministry identified Aboriginal people as an under-represented group in the workforce.

Saskatchewan's current workforce is aging, and expected retirements will significantly reduce its labour supply.[5] As reflected in the Saskatchewan Plan for Growth, the Government anticipates the need for an increase in workers through, in part, increased participation of under-represented groups (e.g., Aboriginal people) in the labour force.

However, a large disparity between employment rates and graduation rates for Aboriginal people and non-Aboriginal people exists in Saskatchewan. As of December 2015, the unemployment rate for Saskatchewan Aboriginal people was 12% as compared to Saskatchewan's overall unemployment rate of 5%.[6] At June 2015, 58% of Aboriginal students graduated high school as compared to 84% for all Saskatchewan students.[7]

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[5] Government of Saskatchewan, *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, p. 37.

[6] www.stats.gov.sk.ca/stats/labour2015/lfsDecember15.pdf (17 January 2017).

[7] Ministry of Education, *Annual Report for 2015-16*, p. 14.

Also at June 2015, 40% of Aboriginal students graduated on time compared to 75% of all Saskatchewan students who graduated on time.[8,9]

The Ministry recognizes under-represented groups of potential workers face barriers to employment or often do not make a permanent attachment to the labour market.[10]

In addition, the Ministry recognized individuals with an academic level equivalent to less than Grade 5 would likely not have the communication and math skills required for basic entry-level positions. The Ministry identified their need for basic reading and writing skills, and skills in applying for and maintaining employment.

Since 2010-11, the Ministry designed ESWP to focus on providing training services to individuals with an academic level equivalent of less than Grade 5 to assist these individuals in attaining and keeping entry-level jobs. Because Aboriginal people make up the majority of these individuals, they are the primary target population for ESWP. Aboriginal people made up 95% of ESWP program participants in 2015-16.[11] The Ministry expected that giving Aboriginal people access to ESWP would help reduce the current disparity in employment rates, and increase their readiness to enter the workforce.

### 4.1.4 Request for Proposal Identifies Broad Desired Outcomes Applicable for ESWP Contracts

The Ministry used its RFP process to identify the broad desired outcomes for ESWP and to attract suppliers' interest in delivering services.

In April 2015, the Ministry issued an RFP for ESWP. The ESWP RFP clearly indicated that the Ministry plans to follow its outcomes-based contract management process.

Consistent with its outcomes-based contract management process, the ESWP RFP described, at a high level, ESWP's broad desired outcomes of providing learners with essential skills to enter the workforce and maintain employment. It selected these from its listing of pre-determined outcomes.

In addition, the ESWP RFP provided sufficient detail on the roles and responsibilities of both the Ministry and the potential service provider during this process (e.g., the Ministry is to provide the format of the reports; supplier is responsible for completing and submitting those reports to the Ministry).

The ESWP RFP stipulated that *any First Nation or Métis community, community school, community-based organization, immigrant serving organization, and post-secondary institution in Saskatchewan may submit a proposal, however, they must work in partnership with a publicly funded post-secondary institution in Saskatchewan.*[12]

The ESWP RFP specified the following: learners with low level of literacy and numeracy[13] as the target population for the program, the expected date of completion of the delivery of the program, and a maximum project budget per program delivery site.

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[8] Ibid., p. 14.

[9] The *Saskatchewan Plan for Growth* document defines 'on time' as graduating within three years of entering grade ten.

[10] Request for Proposal (RFP # ECON-RFP9), p. 34.

[11] Information provided by the Ministry of the Economy.

[12] Request for Proposal (RFP # ECON-RFP9), p. 3.

[13] Literacy levels 1 and 2 using definitions of Saskatchewan Literacy Network. Information about the Network is available at http://saskliteracy.ca/essential-skills/professional/benchmarks/ (16 January 2017).

The ESWP RFP included the Ministry's expectation that the suppliers provide services that align with learning outcomes set out in Saskatchewan Literacy Network's Circle of Learning for literacy levels 1 and 2 and included a copy of this publication.[14] Level 1 and 2 learners need to develop communication, numeracy, lifelong learning, and interpersonal skills.[15] The ESWP RFP asked the suppliers to include, in their proposal submission, details on how they plan to meet these broad desired outcomes.

## 4.2 Establishing Methods to Measure Achievement of Outcomes

*For each agreed-upon outcome, we expected the contract would include the minimum expected level of performance, how the outcomes would be measured, and relevant measuring tools. We expected the Ministry would gather baseline data for each these measures to enable identification of improvements and changes. Finally, we expected the Ministry would define how often it expected the supplier to measure and report on progress.*

### 4.2.1 Consistent Use of Measurable Outcomes in ESWP Contracts Needed

The ESWP contracts did not always include measurable outcomes and as a result, it was difficult to determine the minimum level of performance the Ministry expected to accept.

The ESWP RFP resulted in the Ministry negotiating and entering into 21 ESWP contracts in 2015-16 for learning programs with post-secondary institutions (e.g., Carlton Trail College, Parkland College, Saskatchewan Polytechnic) located across the province.

Consistent with its outcomes-based contract management process, through negotiations for each project, the Ministry agreed with each supplier on outcomes (agreed-upon outcomes), and related measuring tools, metrics, and acceptable levels (agreed-upon performance measures).

For the six ESWP contracts we tested, each used the Ministry template and included the expected content.

For each of the six contracts we tested, the contract clearly set out the agreed-upon outcomes and performance measures. The agreed-upon outcomes and performance measures aligned with those included in the Ministry's listing. However, as described below, some of these outcomes were not measurable.

As expected, given the broad desired outcome for ESWP, we found many of the six contracts contained the same or similar agreed-upon outcomes and performance measures. For the six contracts tested, the number of agreed-upon outcomes in each ranged from 6 to 15; on a combined basis, the six contracts contained 16 unique agreed-upon outcomes. For those six contracts, the number of agreed-upon performance measures in each contract ranged from 8 to 18; on a combined basis, the six contracts contained 21 unique performance measures.

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[14] http://saskliteracy.ca/wp-content/uploads/2015/01/Circle-of-Learning_Final-April-2016.pdf (16 January 2017).
[15] www.economy.sk.ca/abe (6 September 2016).

For the six contracts we tested:

- Four of 16 agreed-upon unique outcomes were not well defined; the four unique outcomes were: participants have an enhanced multi-cultural awareness and understanding; participants have an enhanced labour market connection; participants improve their self-awareness and self-management skills; and participants experience increased employment opportunities.

- Nine of 21 agreed-upon unique performance measures were not measurable.

  For example, all six contracts included an agreed-upon *percentage of participants will secure employment* (percentage ranged from 10% to 50%) but did not define employment either in the contracts or elsewhere (e.g., Supplier Manual or RFP). Without the parameters to qualify as employment (such as the minimum number of months a participant is employed after completion of training), it is unclear if a participant working one day or one week would constitute employment.

  For another example, five contracts included an agreed-upon measure of 80% *of participants will acquire life/employability skills which support goals* but did not provide information on how to determine if participants acquired the skills or how many skills they needed to acquire. Information provided in each of the contracts tested and in supplementary information (e.g., Supplier Manual) was limited to examples of life/employability skills (e.g., communication, literacy and numeracy skills, personal management skills, team work).

We recognize that not all measures (e.g., access a work experience) can be quantitative and, at times, qualitative measures (e.g., improving self-awareness) may need to be used. However, those measures need to be clearly defined and have agreed upon methods to determine whether the outcome has been met.

Not having clear definitions makes measuring the extent of achievement of the agreed-upon outcome difficult and subject to interpretation. Unclear definitions may result in inconsistent interpretation of expectations between the Ministry and the supplier on the minimum performance that is acceptable. As such, contrary to the Ministry's primary purpose of using outcomes-based contracting, suppliers may not clearly understand what they are responsible for achieving and how the Ministry plans to measure their performance.

Also, since the Ministry uses the same outcomes and measures in many ESWP contracts, inconsistent interpretation of them can reduce the Ministry's ability to compare results from one contract to another. In addition, outcomes that are not readily measurable makes determining the level of improvement or change in participants difficult and at times, impossible.

Without consistent use of measurable outcomes, the Ministry cannot know whether using outcomes-based ESWP contracts is making quantifiable improvements for ESWP participants.[16] Therefore, the Ministry cannot know if its ESWP programs improved participants' employability.

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[16] Ministry of the Economy, *Outcomes-based Contract Management—Supplier Handbook*, p. 2.

**1. We recommend that the Ministry of the Economy use clearly defined and measurable outcomes to know whether quantifiable improvements are made for program participants (clients).**

The majority of the ESWP outcomes-based contracts are general training programs to assist low-skill job seekers to enter the workforce. Two of the six contracts we tested were for a specific training program (e.g., security officer training). Both of these contracts only contained general outcomes (e.g., participants will access an employment experience).

### 4.2.2 ESWP Supplier Reporting Requirements Clear and Contracts Sufficiently Monitored

ESWP contracts included clear reporting requirements; suppliers submitted required reports.

To evaluate the extent to which each outcome is achieved, the Ministry required suppliers to submit a variety of reports.

When determining reporting requirements for ESWP contracts, the Ministry required its staff to assess the risk of each ESWP project. It provides its staff with guidance to help them assess risks. Staff are to base their assessments on factors such as the size of program, and previous history with the supplier. The Ministry had documented guidelines to help staff determine the minimum reporting required for each contract (information to submit during the project [interim] and at the end of the project [final]).

For the six ESWP contracts we tested, the Ministry followed these guidelines when determining reporting requirements. Each contract we tested specified required reports and the dates by which the supplier must submit them.

The Ministry maintains reporting templates. The templates set out information suppliers are to include in the required reports. Reports are to include information on the progress on the achievement of the outcomes and key deliverables. For the six ESWP contracts we tested, the Ministry gave suppliers these reporting templates.

Under its outcomes-based contract management process, the Ministry expects its staff to review reports suppliers submit under each contract, and assess the level of achievement of the agreed-upon outcomes. In addition to reports from suppliers, it expects its staff to gather additional information through interactions (e.g., meetings, e-mails, and phone conversations) with suppliers (and at times participants) and on-site visits. The Ministry expects staff to use this monitoring to corroborate information in the supplier reports.

For the six ESWP contracts we tested, we found, in all cases:

- For agreed-upon quantitative performance measures, the suppliers gathered baseline data to enable tracking of the participant's level of improvement over the term of the program

- The ESWP contracts included clear reporting requirements (e.g., submission of interim and final reports)
- The suppliers submitted required reports
- Ministry staff monitored the contracts through review of supplier-submitted reports, discussions with the suppliers, and on-site visits
- Ministry staff documented the results of their monitoring

## 4.3 Setting Payment Structure to Attract Service Providers and Foster Achievement of Desired Outcomes

*We expected that the Ministry would set payment on each contract based on progress the supplier made towards achieving desired outcomes. We expected that the contracts would have both positive and negative incentives.*

### 4.3.1 ESWP Outcomes-Based Contracting in Early Stages—Payment Terms Not Tied to Achievement of Outcomes

The form of outcomes-based contracting the Ministry used did not link the amounts paid to ESWP suppliers to achievement of outcomes specified in individual ESWP contracts. Rather, like conventional service contracts, it based payments under ESWP contracts on its receipt of required reports that set out services delivered.

As noted in **Section 2.1**, the Ministry was in the early stages of using outcomes-based contracting. The form of outcomes-based contracting it used at this stage did not include all of the defining features of outcomes-based contracting. See **Section 6.0** Outcomes-Based Contracting for the three defining features of typical outcomes-based contracting.

In the development of its Manual, the Ministry decided not to use financial incentives at this stage of its use of outcomes-based contracting. The Ministry considered that use of financial incentives at this early stage would deter suppliers from participating. The Ministry indicated it was starting to work with suppliers to educate them on the differences between service-based and outcomes-based contracts, and the benefits of their effective use.

Consistent with this decision, we found none of the ESWP contracts included positive or negative financial incentives.

Positive financial incentives can include a bonus when the supplier exceeds expectations in meeting the outcomes specified in the contract; negative financial incentives can include withholding all or a portion of the contract amount for not achieving agreed-upon outcomes.

Incentives can provide suppliers with additional motivation to achieve agreed-upon outcomes and can generate supplier interest in participating in a program. In addition, use of incentives in outcomes-based contracts may encourage suppliers to adopt innovative practices to achieve client outcomes.

Without including incentives in its ESWP contracts, the Ministry is at risk of not meeting its objectives for its longer-term use of outcomes-based contracting.

2. **We recommend that the Ministry of the Economy reconsider the use of financial incentives in its outcomes-based contracting.**

Under its outcomes-based contract management process, the agreed-upon outcomes in a contract are to reflect the minimum performance the Ministry will accept from a supplier.[17]

Consistent with the Ministry contract template, the Ministry specified payment terms in each ESWP contract. The contracts made payments contingent upon the Ministry's receipt of required supplier reports, and, as previously noted in **Section 4.1.2**, the Ministry being reasonably satisfied services have been properly completed.[18]

The Ministry did not give its staff or suppliers guidance as to what constitutes *being reasonably satisfied that services have been properly completed*. Without such guidance, this provision is subject to interpretation. We found the Ministry did not use this provision as a way to move toward paying suppliers for minimum performance.

For each of the nine contracts we tested:

- In all cases, the Ministry received the supplier reports specified in the contract when and as required
- In all cases, the Ministry paid the supplier upon its receipt of required reports; it made interim payments during the contract, and a final payment upon receipt of a final progress report
- For the seven contracts where suppliers did not achieve all of the agreed-upon outcomes, the Ministry did not reduce amounts paid (paid approximately $650,000). Six of these seven suppliers did not achieve between 13% to 55% of the agreed-upon outcomes; each of these contracts had between six and nine agreed-upon outcomes. For one contract, the Ministry paid the full contract amount of $100,000 even though the supplier did not achieve any of the seven agreed-upon outcomes.

While a supplier may not achieve all of the agreed-upon outcomes, not linking amounts paid under ESWP contracts to the achievement of at least a portion of those agreed-upon outcomes seems contrary to the Ministry's objective of using outcomes-based contracting and to the defining features of outcomes-based contracting. Having a payment structure that includes rewards and risks tied to achievement of agreed-upon outcomes is a defining feature of outcomes-based contracting (see **Section 6.0** Outcomes-Based Contracting).

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[17] Ministry of the Economy, *Outcomes-based Contract Management— Supplier Handbook*, p. 17.
[18] Ministry of the Economy template outcomes-based contract, Schedule B.

Not linking amounts paid to achievement of outcomes makes the ESWP contracts like conventional service contracts. Conventional service contracts base payment on the supplier's delivery of work in general as opposed to results achieved (outcomes-based).

Not including this defining feature in ESWP contracts negates their value as outcomes-based. In addition, it may result in the Ministry not achieving its objective of using outcomes-based contracting. Not adequately designing payment provisions at an appropriate level increases the risk of suppliers not coming forward to provide desired services or the Ministry not achieving agreed-upon outcomes.

3. **We recommend that the Ministry of the Economy align contracted terms of payment with the suppliers' achievement of outcomes for its outcomes-based contracting.**

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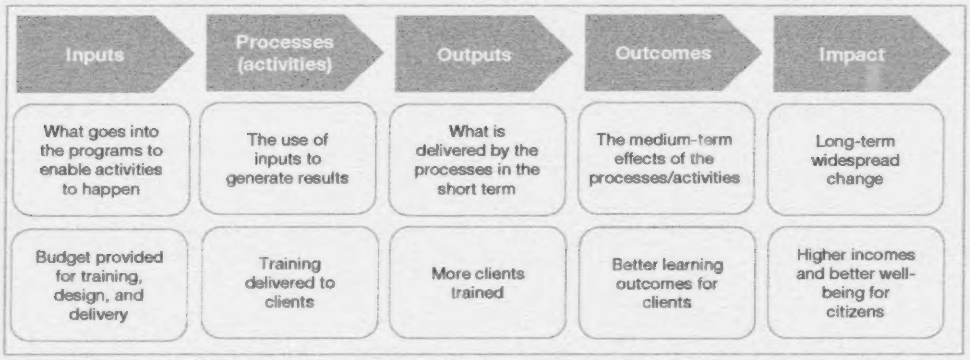
# 6.0 OUTCOMES-BASED CONTRACTING

Conventional service contracts primarily base payment on the provision of services (e.g., the provision of a training course). Whereas, the purpose of outcomes-based contracting is to obtain overall better value, better performance, and lower costs. Outcomes-based contracting requires output-based specifications and procedures that require service providers to devise the most effective and efficient way to perform the work.[19]

Outcomes-based contracting shifts the focus from inputs and activities (the resources and procedures used) to outputs, outcomes, and impact (the results of the objective) (see **Figure 4**).

**Figure 4—Distinction between Inputs, Outputs, and Outcomes**



| Inputs | Processes (activities) | Outputs | Outcomes | Impact |
|---|---|---|---|---|
| What goes into the programs to enable activities to happen | The use of inputs to generate results | What is delivered by the processes in the short term | The medium-term effects of the processes/activities | Long-term widespread change |
| Budget provided for training, design, and delivery | Training delivered to clients | More clients trained | Better learning outcomes for clients | Higher incomes and better well-being for citizens |

Source: Adapted from: National Audit Office, UK, 2015. *Outcome-based payment schemes: government's use of payment by results*, p. 12.

Outcomes-based contracting is a form of contracting that explicitly includes the following three characteristics:[20]

1. Having a clear definition of a series of objectives and indicators by which to measure service provider performance

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[19] http://pwc.blogs.com/deals/2015/08/outcome-based-contracts.html (25 January 2017).
[20] http://pwc.blogs.com/deals/2015/08/outcome-based-contracts.html (25 January 2017).

2. Collecting data on the performance indicators to assess the extent to which service provider successfully implemented the defined services

3. Having performance lead to consequences for the service providers, such as provision of rewards or imposition of performance adjustments (i.e., positive and negative incentives)

If utilized correctly, outcomes-based contracting can provide the following benefits:[21]

- Innovation on the part of the service provider
- Alignment of service objectives with the agency requesting the service and the service provider
- Increase motivation for the service provider to achieve the best outcome to maximize its financial gain

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[21] www.corrs.com.au/publications/corrs-in-brief/outcome-based-contracting-is-on-the-up-who-s-doing-it-why-and-what-you-need-to-know-about-it/ (29 April 2016).

# Chapter 4
# Environment—Climate Change

## 1.0 MAIN POINTS

In March 2016, governments across Canada, including the Government of Saskatchewan, agreed to take steps to reduce greenhouse gas (GHG) emissions to mitigate their effect on climate (mitigation), and to reduce the vulnerability and increase the resilience of nature and people to the effects of climate change (adaptation). These governments agreed to implement GHG reduction policies to reduce Canada's emissions by 30% from 2005 levels by 2030. This agreement does not hold the Saskatchewan Government to a specific provincial target.

At January 2017, Saskatchewan did not have a provincial mitigation plan with provincial targets for GHG reduction. In addition, it did not have a co-ordinated provincial adaptation plan. Rather, it was at the policy development stage.

In October 2016, Saskatchewan issued its *Climate Change White Paper*. The purpose of the White Paper was, in part, to outline future potential direction or actions to combat climate change both provincially and nationally. The White Paper highlighted different strategies that Saskatchewan intends to use (e.g., carbon capture and storage technology for coal-fired electricity generation, increasing renewable power generation).

Using direction set in the White Paper, the Ministry of Environment, at January 2017, was developing policies related to reducing GHG emissions and was leading the development of a co-ordinated provincial adaptation plan.

Without plans, policies and targets, Saskatchewan may not be able to fulfill its commitment to Canada to contribute to the reduction of GHG emissions.

## 2.0 INTRODUCTION

This chapter provides the results of our audit work on the Ministry of Environment's activities to mitigate greenhouse gas emissions and to adapt to climate change in Saskatchewan, as of January 31, 2017.

### 2.1 What is Climate Change?

Climate change is a statistically significant change in the distribution of global weather patterns when that change lasts for an extended period.[1]

Climate change poses significant threats to environmental sustainability, economic growth, biodiversity, human health, infrastructure, and water resource management. For example, increasing climate variability increases risks of floods, droughts, and forest fires.

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[1] INTOSAI Working Group on Environmental Auditing, *Coordinated International Audit on Climate Change,* (2010). www.environmental-auditing.org/Portals/0/AuditFiles/Canada_f_eng_International%20Audit%20on%20Climate%20Change.pdf (1 April 2016).

It also increases challenges to water supply management due to longer periods with warmer temperatures.[2]

Increased concentrations of GHG, mainly carbon dioxide and methane, are the major contributing factors to increasing global temperatures and climate change.

## 2.2 Climate Change in Canada and Saskatchewan

Canada produces approximately 2% of global GHG emissions, of which 10% come from Saskatchewan. As shown in **Figure 1**, in 2014, Saskatchewan and Alberta had the highest GHG emissions per capita in Canada at 67.3 tonnes and 66.7 tonnes respectively.

Research indicates the average global temperature has increased about 0.8 degrees Celsius since 1880. Two-thirds of this warming has occurred since 1975.[3]

The Federal Government's Department of Environment and Climate Change Canada (Environment Canada) indicated that Canada is warming twice as fast as the global rate. Canada's average temperature increased 1.6 degrees Celsius from 1948 to 2014.[4] It expects a global increase of 2 degrees Celsius would result in Canada increasing 3 to 4 degrees Celsius.[5]

Temperature increases vary across Canada—Saskatchewan's average temperature has increased about two degrees Celsius from 1948 to 2014. See **Section 4.0** for average temperature changes by region from 1948 to 2014 and **Section 5.0** for projected increase in annual average temperature from 2041 to 2070. The effects from temperature increases caused by GHG emissions that have already occurred may continue into the future because, once emitted, GHGs remain in the atmosphere for a long time.

**Figure 1—2014 Greenhouse Gas Emissions in Canada by Province and Territory**

| | Total emissions (megatonnes of carbon dioxide equivalent)^ | | Emissions per Capita (tonnes) |
|---|---|---|---|
| Province/Territory | Total | % | |
| Alberta | 274.0 | 37.4 | 66.7 |
| Ontario | 170.0 | 23.2 | 12.4 |
| Quebec | 83.0 | 11.3 | 10.1 |
| **Saskatchewan** | **76.0** | **10.4** | **67.3** |
| British Columbia | 63.0 | 8.6 | 13.5 |
| Manitoba | 21.0 | 2.9 | 16.8 |
| Nova Scotia | 17.0 | 2.3 | 17.6 |
| New Brunswick | 15.0 | 2.0 | 19.7 |
| Newfoundland & Labrador | 10.6 | 1.4 | 20.1 |

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[2] Ibid.
[3] https://earthobservatory.nasa.gov/Features/WorldOfChange/decadaltemp.php (28 March 2017).
[4] www.ec.gc.ca/indicateurs-indicators/default.asp?lang=en&n=64C9E931-1 (27 March 2017).
[5] Environment and Climate Change Canada, *The Science of Climate Change*, (2015). http://ec.gc.ca/sc-cs/Default.asp?lang=En&n=A5F83C26-1 (27 March 2017).

| | Total emissions (megatonnes of carbon dioxide equivalent)^ | | Emissions per Capita (tonnes) |
|---|---|---|---|
| Province/Territory | Total | % | |
| Prince Edward Island | 1.8 | 0.3 | 12.3 |
| Northwest Territories | 1.5 | 0.2 | 34.9 |
| Yukon | 0.3 | - | 7.3 |
| Nunavut | 0.3 | - | 7.5 |
| Canada | 733.5 | 100 | 20.6 |

Source: Environment and Climate Change Canada, *National Inventory Report,* (2016).
^ Greenhouse gases (e.g., methane and carbon dioxide) are expressed as megatonnes of carbon dioxide equivalent. One megatonne is equal to 1,000 kilotonnes and one million tonnes.
Note: 2014 is the most recent information available in the *2016 National Inventory Report*.

The prairies have one of the most variable climates in Canada. Summers are typically hot and dry, and winters are bitterly cold. Climate change may bring more extreme weather including heat waves, intense storms, torrential rains, and droughts.[6]

## 2.3 Climate Change Agreements

In December 2015, the Government of Canada, along with approximately 190 other countries, committed to reducing global GHG emissions (the Paris Agreement). The key objective of this agreement was to limit global warming to less than 2 degrees Celsius, and to try to limit it to 1.5 degrees Celsius above preindustrial levels (i.e., levels prior to the industrial revolution).[7] Environmental scientists predict that if the increase in average global temperature is kept below 2 degrees Celsius from preindustrial levels, the most serious effects of climate change can be avoided.[8]

In March 2016, Canadian First Ministers (Prime Minister and provincial and territorial Premiers) committed to meet Canada's commitment for the Paris Agreement. They agreed to implement GHG reduction policies to reduce Canada's emissions by 30% from 2005 levels by 2030 (i.e., the Vancouver Declaration).[9]

In addition, the Canadian First Ministers developed a Pan-Canadian framework. This Framework, in part, outlined actions Canada could take to grow the economy while reducing harmful GHG emissions. During its development, the Government of Canada required all provinces and territories to implement carbon-pricing mechanisms (e.g., carbon tax, cap and trade systems) by 2018.[10]

While the Government of Saskatchewan agreed to the Vancouver Declaration, it did not agree to the Pan-Canadian framework. It does not support mandating the use of carbon pricing mechanisms in all provinces and territories.

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[6] Ministry of Environment, *2015 State of the Environment Report*, p. 25.
[7] www.scics.ca/en/product-produit/vancouver-declaration-on-clean-growth-and-climate-change/ (4 April 2017).
[8] The United Nations Framework Convention on Climate Change held in Cancun in 2010 set a target of limiting average global surface temperatures to increase by two degrees Celsius. www.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_FINAL_full_wcover.pdf (10 April 2017).
[9] www.scics.ca/en/product-produit/vancouver-declaration-on-clean-growth-and-climate-change/ (4 April 2017).
[10] www.scics.ca/en/product-produit/communique-of-canadas-first-ministers/ (6 February 2017).

Canada and each of the provinces and territories together developed this Framework. They established four working groups to present options to achieve Canada's emission reduction target.

These working groups included Adaptation and Climate Resilience, Specific Mitigation Opportunities, Carbon Pricing Mechanisms, and Clean Technology, Innovation, and Jobs. Saskatchewan participated in all four working groups. The Carbon Pricing Mechanisms working group had provided three options[11] for consideration. Reports from each of these working groups are published on the Government of Canada's climate change website.[12]

On November 28, 2016, the Governments of Saskatchewan and Canada reached an agreement in principle to finalize the equivalency agreement for Canada's existing coal-fired electricity generation power plant regulation.[13] Once finalized, the federal/provincial equivalency agreement on coal-fired electricity generation regulation (coal equivalency agreement) is expected to provide Saskatchewan more flexibility in transitioning to additional renewable energy, including evaluating future opportunities for carbon capture and storage to trap carbon dioxide and store it.[14]

## 2.4 Actions to Address Climate Change

Efforts to address climate change fall into two categories:

- Mitigation: these are efforts to decrease GHG emissions or enhance carbon sinks.[15] For example, technologies that reduce emissions or consume less energy, or use of more energy efficient machinery, vehicles, or appliances.
- Adaptation: these are efforts to reduce the vulnerability and increase the resilience of nature and people to climate change.[16] For example, building of flood defenses (e.g., berms) and changing agriculture practices or crops.

Governments can use policies to foster mitigation and/or adaptation behavior and actions of consumers, governments, and companies.

## 2.5 Saskatchewan Ministry of Environment's Role

The Ministry of Environment, although currently not required by law, has assumed responsibility as the lead agency for climate change for the Provincial Government.

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[11] The three options the working group put forward were: single type of broad-based carbon pricing mechanism in all jurisdictions, broad-based carbon pricing in all jurisdictions with flexibility on instrument choice, broad-based carbon pricing or reduction targets. The Federal Government chose the first option for inclusion in the Pan-Canadian Framework.

[12] http://climatechange.gc.ca/default.asp?lang=En&n=64778DD5-1 (5 April 2017).

[13] Under the *Canadian Environmental Protection Act, 1999* the Federal Government may enter into an equivalency agreement with provinces and territories provided that the provincial approach delivers equivalent or better outcomes than the federal *Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations.*

[14] www.saskatchewan.ca/government/news-and-media/2016/november/28/equivalency-agreement (16 December 2016).

[15] Carbon sink is defined as any process, activity, or mechanism, which removes a greenhouse gas, an aerosol or a precursor of a greenhouse gas from the atmosphere. Examples include forests and other vegetation because they remove carbon dioxide from the air through photosynthesis.

[16] INTOSAI Working Group on Environmental Auditing, *Coordinated International Audit on Climate Change,* (2010). www.environmental-auditing.org/Portals/0/AuditFiles/Canada_f_eng_International%20Audit%20on%20Climate%20Change.pdf (1 April 2016).

The Ministry predicts significant overall increases in precipitation and annual temperatures to occur during 2015 to 2100 for Saskatchewan. It notes the following as possible impacts on Saskatchewan and its economy:[17]

- Flooding – an increase in high-intensity rainfall or rapid spring snowmelts can cause flooding. Standing water in fields delays planting crops, which affects production and quality of crops. Flooding damages personal property, resulting in increased insurance rates and potential reduction of insurance coverage. Also, flooding increases costs to government (e.g., Provincial Disaster Assistance Program payments and repairs to infrastructure such as highways).

- Water shortages – reduced availability of water (e.g., rainfall, irrigation) could constrain both the agriculture and the forestry sectors. Reduced availability of water decreases the quantity and quality of crops produced. Higher temperatures and decreased precipitation would decrease the amount of timber available for harvest and the size of the forests, and reduce boreal forests in the north causing reduced carbon sink.

- Warmer temperatures – increased winter temperatures impact the mineral, mining, and forestry industries. Resource exploration and forestry operations located in northern Saskatchewan rely on frozen ground to explore resources and transport goods. Also, warmer winters increase the risk of the spread of pests (e.g. mountain pine beetle) and diseases that prolonged cold temperatures normally eradicate. Warmer temperatures could mean a longer growing season and increased productivity (e.g., agriculture and forestry).

At January 31, 2017, Saskatchewan did not have legislation in effect that directly related to mitigating GHG emissions or adapting to climate change. At January 31, 2017, *The Management and Reduction of Greenhouse Gases Act* (Act), passed in 2010 and amended in 2013, was not in effect (not proclaimed as law).

In December 2016, the Ministry indicated the Provincial Government intends to put into force the parts of the Act needed to finalize the coal equivalency agreement. Once in force, the Act would assign all matters relating to climate change, not assigned by law to another agency, to the Minister of Environment. In the interim, the Ministry assumed this responsibility.

As reflected in the Ministry's *2015-16 Annual Report*, the Ministry's responsibilities include co-ordinating climate change planning and activities with other provincial agencies (e.g., Innovation Saskatchewan, Ministry of the Economy, SaskPower). Also, this included co-ordinating Saskatchewan's participation on four federal/provincial/territorial working groups (e.g., Adaptation and Climate Resilience).[18]

The Ministry actively participated in several climate change committees to co-ordinate climate change activities within the Provincial Government. It indicated the majority of these committees' discussions related to policy and potential program development.

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[17] Ministry of Environment, *State of the Environment Report*, p. 23.
[18] Ministry of Environment, *2015-16 Annual Report*, p. 4.

## 3.0 COLLABORATIVE AUDIT WORK ON CLIMATE CHANGE

In April 2016, the federal, provincial, and territorial auditor generals agreed to participate in a collaborative engagement on climate change with each conducting its own audit work. Most auditor generals planned to complete audits relating to climate change during 2016-17. The focus of these audits vary.

In addition, all parties agreed, where feasible, to complete the work necessary to answer the specific mitigation and adaptation questions in **Figure 2**. Each audit office was responsible for determining the work it would do to respond to each question and how best to report the results to their Assembly.[19]

The auditor generals expect to publish the results of these audits to their Assembly at different times throughout 2016 and 2017. The Office of the Auditor General of Canada (i.e., the Commissioner of the Environment and Sustainable Development) will compile the findings to the questions in **Figure 2** from each audit office to produce a Summary Report. The Summary Report is expected to be completed late 2017 or early 2018.

**Figure 2—Collaborative Mitigation and Adaptation Questions**

**Mitigation**

1. What targets related to mitigation of GHG emissions has the government adopted?
2. Do documented strategies or plans exist to meet these commitments?
3. Is the government on track in meeting intended targets? Which ones have been met and which ones have not been met? Does the government have an adequate process to monitor progress?
4. Are there regular reports to the public or to other stakeholders? What elements are being reported on? Is the reporting regular and timely?
5. What policy instruments, actions or initiatives are expected to result in significant GHG emissions reductions?

**Adaptation**

1. Has the government developed a policy/plan/strategy on adaptation?
2. Has the government produced a comprehensive national/provincial/territorial specific risk assessment?
3. Has the government implemented their actions as outlined in their policy/plan/strategy? Does the government know whether they are on track to implement their policy/plan/strategy?

Source: Project Charter – Collaborative Audit on Climate Change 2015 to 2017.

## 3.1 Objective and Scope

The objective of this engagement was to complete specified procedures over the Ministry of Environment's activities to mitigate greenhouse gas emissions and to adapt to climate change in Saskatchewan, as of January 31, 2017.

To conduct this engagement, we followed the standards for engagements published in the *CPA Canada Handbook – Assurance*. This includes obtaining an understanding of the Ministry for matters relevant to the engagement and obtaining sufficient appropriate evidence to support our findings relating to the questions.

We conducted specified procedures to answer the questions listed in **Figure 2**. The specified procedures performed included discussions with management, examination of source documents, and reviewing the Ministry's process to assess data included in

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[19] In some cases, the results may be incorporated into their audit on climate change.

Environment Canada's GHG emissions reporting to the public. This engagement was not an audit engagement, and accordingly, we did not conclude on the effectiveness of the Ministry's climate change activities.

As the findings below indicate, the Ministry was in the policy development stage of its work to consider new initiatives to respond to climate change. Also, it was compiling information on existing activities completed by other government organizations.

## 3.2 Key Findings—Mitigation

In this section, we describe our key findings related to each of the questions in **Figure 2** related to mitigation.

### 3.2.1 Provincial Targets Not Set to Reduce GHG Emissions

*What targets related to mitigation of GHG emissions has the government adopted?*

As of January 2017, the Ministry had not established provincial GHG reduction targets.

In March 2016, Canadian First Ministers, including Saskatchewan, agreed to the Vancouver Declaration. They agreed to implement GHG reduction policies to reduce Canada's emissions by 30% from 2005 levels by 2030. This agreement does not hold Saskatchewan to a specific provincial target. For example, the agreement does not require Saskatchewan to reduce its GHG emissions by 30% from 2005 levels by 2030.

While the Government had not legislated or set targets for GHG emissions reduction, one government agency set a target. In November 2015, SaskPower, a provincial Crown corporation that is Saskatchewan's main electricity provider, announced its commitment to doubling its percentage of electricity generation from renewable sources (e.g., solar, wind, etc.) by 2030. SaskPower expects this to reduce its GHG emissions by 40% from 2005 levels by 2030.[20] The Ministry communicated this target to others during its involvement in national climate change working groups.

### 3.2.2 Provincial Mitigation Plan Under Development

*Do documented strategies or plans exist to meet mitigation targets?*

*What policy instruments, actions, or initiatives are expected to result in significant GHG emissions reductions?*

As of January 2017, the Ministry had not implemented a provincial mitigation plan.

The Ministry indicated it was developing policies related to reducing GHG emissions. In the development of policies, it was using direction set in the Provincial Government's October 2016 *Climate Change White Paper*.

The Ministry noted that each sector of the Saskatchewan economy has unique characteristics that may require different approaches to emission reductions.

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[20] SaskPower, *2015-16 Annual Report*, p. 10.

### Provincial Direction of Climate Change Policies

In October 2016, the Government of Saskatchewan issued its *Climate Change White Paper*. The Ministry indicated the Government considered its input while preparing this document.

The purpose of the White Paper was, in part, to outline future potential direction or actions to combat climate change both provincially and nationally.[21] Examples of climate change policy direction in the White Paper included:

- Increased focus on reducing global GHG emissions instead of focusing on Canada's emissions. As previously noted, Canada produces approximately 2% of global GHG emissions. The White Paper argues technological innovation that reduces GHG emissions would have a greater global impact if applied to nations with greater GHG emissions than Canada.
- The Government of Saskatchewan's position that carbon pricing mechanisms (e.g., a tax on GHG emissions) may not be effective in reducing GHG emissions in Canada.
- The Government of Saskatchewan plans to place specific emphasis on adaptation, resilience, and new technologies that reduce GHG emissions.
- Introducing any mitigation initiatives in a way that minimizes impact to the economy.

The White Paper included 13 recommendations on redirecting the national conversation on climate change. Many of these recommendations focus on developing new or expanding existing technology as the primary means to address climate change. For example, one recommendation focused on increased federal promotion of SaskPower's carbon capture and storage technology for coal-fired electricity generation to other nations.[22]

### Current and Expected Mitigation Activities in Saskatchewan

The Government's White Paper and other sources describe some of Saskatchewan's current and expected mitigation strategies to reduce GHG emissions.

The White Paper outlined several different strategies that Saskatchewan intends to use, which include:

- Developing and applying technological solutions such as the carbon capture and storage technology for coal-fired electricity generation
- Requesting increased federal funding to support clean technology
- Increasing renewable power generation to meet the growing power needs of Saskatchewan

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[21] Government of Saskatchewan, *Climate Change White Paper*, (2016), p. 6.

[22] Carbon capture and store technology captures carbon dioxide emissions from large sources (e.g., coal-fired electricity production) and stores the carbon dioxide underground so it is not released into the atmosphere. Captured carbon dioxide may also be used in industrial processes such as enhanced oil recovery. www.nrcan.gc.ca/energy/coal/carbon-capture-storage/4295 (5 April 2017).

- Recognizing the carbon sink potential in Saskatchewan's farming, afforestation,[23] and other natural sinks[24]

In addition, the reports of the Pan-Canadian Framework working groups identify mitigation actions Saskatchewan is taking or considering.

For example, the Specific Mitigation Opportunities working group report included some current and potential initiatives to reduce GHG emissions in Saskatchewan. For example, it discussed SaskPower's target to increase electricity generated from renewable sources, existing regulations for the oil and gas industry that set when waste gas must be conserved, and a SaskPower program to encourage the oil and gas industry to capture waste gases to be used to generate electricity.[25]

### 3.2.3 Processes to Monitor Progress of GHG Reduction Targets to be Established when Provincial Mitigation Plan and Targets Finalized

*Is the government on track in meeting intended targets? Which ones have been met and which ones have not been met? Does the government have an adequate process to monitor progress?*

As noted in **Section 3.2.1**, in November 2015, SaskPower set a target to reduce GHG emissions. It was the only Saskatchewan government agency to do so. Since the target was recently established, at January 2017, the Ministry had not received reporting on whether SaskPower was on track to meet its established target.

Also as previously noted, Saskatchewan has not formally (i.e., through legislation) made the Ministry responsible for overseeing the implementation of provincial climate change plans. At January 2017, although not legally required, SaskPower provides the Ministry with information on its GHG emissions.

### 3.2.4 Ministry Relies on Federal Report to Communicate GHG Emission Information for Saskatchewan

*Are there regular reports to the public or other stakeholders? What elements are being reported on? Is the reporting regular and timely?*

The Ministry did not publish reports on Saskatchewan's GHG emissions. Instead, the Ministry was actively involved in the Federal Government's processes to issue reports on Canada's GHG emissions. It recognizes Canada's public reports include specific information on Saskatchewan's GHG emissions.

Each year, Environment Canada publishes a report on GHG emissions in Canada consistent with United Nations Framework Convention on Climate Change reporting guidelines.[26] The most recent report it published was the *2016 National Inventory Report*.[27] The National Inventory Report breaks down emissions by source by province and territories.

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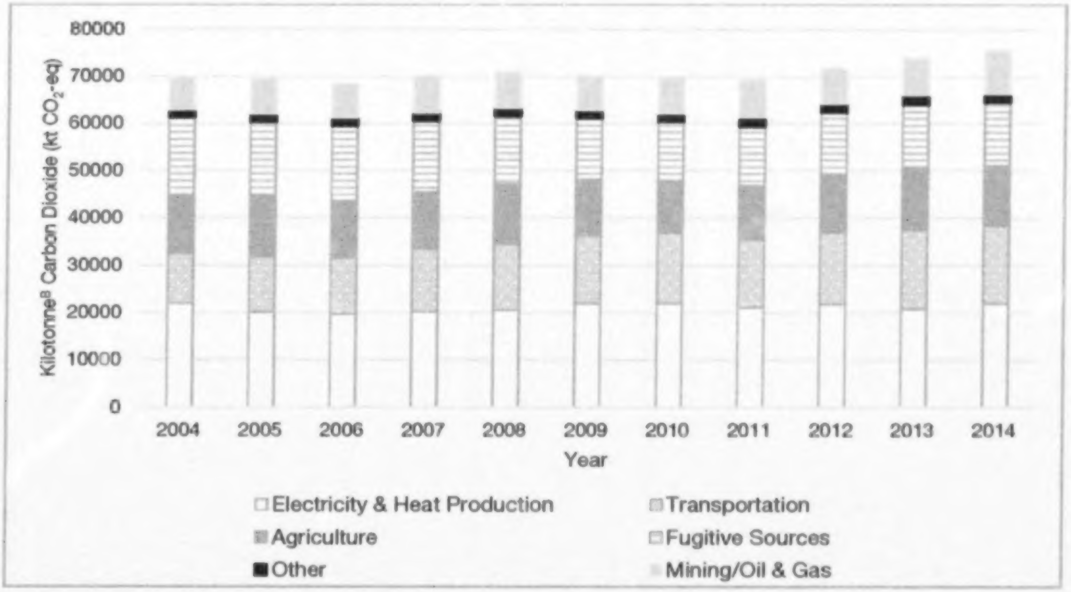
[23] Afforestation is the act of re-planting trees.

[24] Government of Saskatchewan, *Climate Change White Paper*, (2016).

[25] http://climatechange.gc.ca/Content/6/4/7/64778DD5-E2D9-4930-BE59-D6DB7DB5CBC0/WG_Report_SPECIFIC_MITIGATION_OPPORTUNITIES_EN_V04.pdf (21 February 2017).

**Figure 3** is an example of the information contained in the *2016 National Inventory Report*. This information shows that Saskatchewan's major industries produce a high amount of emissions. It shows Saskatchewan's GHG emissions increased by 5.6 megatonnes, or 8%, from 2004 to 2014. Saskatchewan's GHG emissions by sector remained consistent from 2004 to 2014.

**Figure 3—Saskatchewan's GHG Emissions by Sector**



Source: Environment and Climate Change Canada, *National Inventory Report*, (2016).
[A] Fugitive sources include leakage of gases from pressurized equipment, primarily in the oil and gas sector.
[B] One megatonne is equal to 1,000 kilotonnes and one million tonnes.

Environment Canada annually estimates the GHG emissions for Canada, the provinces, and territories. We observed that the Ministry reviewed and provided feedback to Environment Canada on the information and assumptions Environment Canada used to prepare the National Inventory Report.

## 3.3 Key Findings—Adaptation

In this section, we describe our key findings related to each of the questions in **Figure 2** related to adaptation.

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[26] The United Nations Framework Convention on Climate Change sets an overall direction for government efforts to address issues posed by climate change. Under the convention, governments gather and share information on GHG emissions, policies, and best practices. Also, governments launch national strategies for adapting to climate change. http://unfccc.int/essential_background/convention/items/2627.php (4 April 2017).

[27] www.publications.gc.ca/site/eng/9.816345/publication.html# (28 February 2017).

### 3.3.1 Ministry Compiling Information on Climate Change Risks

*Has the government produced a comprehensive provincial specific risk assessment?*

At January 2017, the Ministry was actively collecting risk assessment information related to adaptation from other government agencies. It had not completed an assessment of the risks that exist due to climate change. As such, it has not developed a provincial risk assessment.

The Ministry is a member of the Prairie Regional Adaptation Collaborative. The purpose of this group is to assist the prairie provinces to identify similar climate change impacts and vulnerabilities these provinces face in relation to adaptation policy decision-making.[28]

The group's March 2012 report *Advancing Climate Change Adaptation in Saskatchewan*[29] recommended the Ministry prepare a risk assessment related to climate change. The report provided sources the Ministry could use to complete a risk assessment. As of January 2017, the Ministry had not adopted the recommendation.

Completing an assessment of these risks is a first step before developing an adaptation plan. Risk assessments help governments to support decision-making and identify areas of key vulnerabilities. Knowing areas where the province is vulnerable will help the Ministry to create an adaptation plan that addresses these areas.

### 3.3.2 Provincial Adaptation Plan Under Development

*Has the government developed a policy/plan/strategy on adaptation?*

*Has the government implemented their actions as outlined in their policy/plan/strategy?*

*Does the government know whether they are on track to implement their policy/plan/strategy?*

As of January 2017, the Ministry was leading the development of a co-ordinated provincial adaptation plan. As discussed in **Section 3.2.2**, the Ministry was using the direction in the Government's October 2016 *Climate Change White Paper* to guide this development.

As evident in the White Paper and the Pan-Canadian Working Groups reports, various agencies in Saskatchewan have been undertaking adaptation activities for several years (e.g., planting tree species more resistant to disease). As of January 2017, the Ministry was compiling a listing of information on the adaptation plans and activities established by these agencies. It expects to use this information as an input into the development of provincial adaptation policies and related strategies.

**Current and Expected Adaptation Activities in Saskatchewan**

The Government's White Paper and other sources describe some of Saskatchewan's current and expected adaptation initiatives.

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[28] www.parc.ca/rac/index.php?page=home (27 March 2017).

[29] www.parc.ca/rac/fileManagement/upload/Advancing%20Adaptation%20in%20Saskatchewan_Final.pdf (3 March 2017).

The White Paper indicated Saskatchewan was working with the Federal Government on adaptation initiatives such as:

- Researching how climate change is impacting water in Canada's north
- Developing a natural hazards risk assessment, focusing on how climate change will impact the risk of specific hazards occurring
- Developing new business risk management programs for the agricultural sector (e.g., AgriStability)

In addition, the reports of the Pan-Canadian Framework working groups identify adaptation actions Saskatchewan is taking or considering. For example, the Adaptation and Climate Resilience working group's report acknowledged the following adaptation efforts in Saskatchewan:

- The Ministry of Highways and Infrastructure altered culvert design to allow for a 1-in-50 year weather event
- The Government of Saskatchewan was developing a drought strategy, a new water allocation policy, and new legislation to allow more flexibility to manage water shortages
- The Ministry of Environment's continued monitoring of its capacity to deal with wildfires, including wildfire response times
- The Ministry of Agriculture's partnering with crop research organizations (such as the University of Saskatchewan) to develop more drought-resistant crop varieties[30]

In addition, the Ministry engaged in partnerships with non-government agencies to research potential plans and strategies to adapt to a changing climate. The reports the Ministry received from these partnerships provided potential adaptation efforts based on the research. These reports did not provide information on provincial adaptation efforts taken or underway.

For example, the Ministry partnered with the Prairie Adaptation Research Collaborative (PARC). PARC was a partnership between the Government of Canada and the prairie provinces. In 2009, PARC funded University of Regina research on climate change impacts. It made recommendations on how the provinces could work to adapt to the changing climate.[31]

PARC published various reports on its website in 2009. Its reports included analysis on how climate change can impact temperature, precipitation levels, impact on environment (i.e., forestry, ecosystems, water and agriculture), and provided suggestions for adaptation efforts to undertake in each prairie region.[32]

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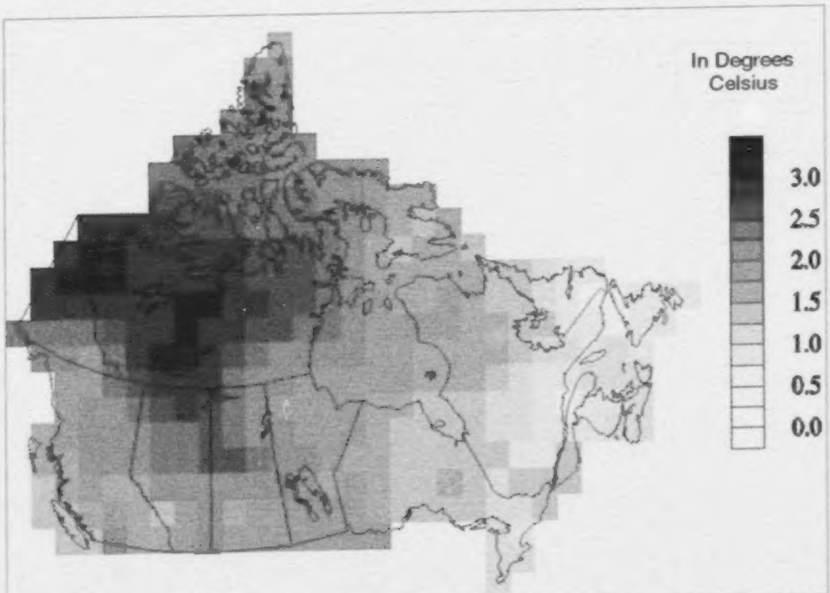
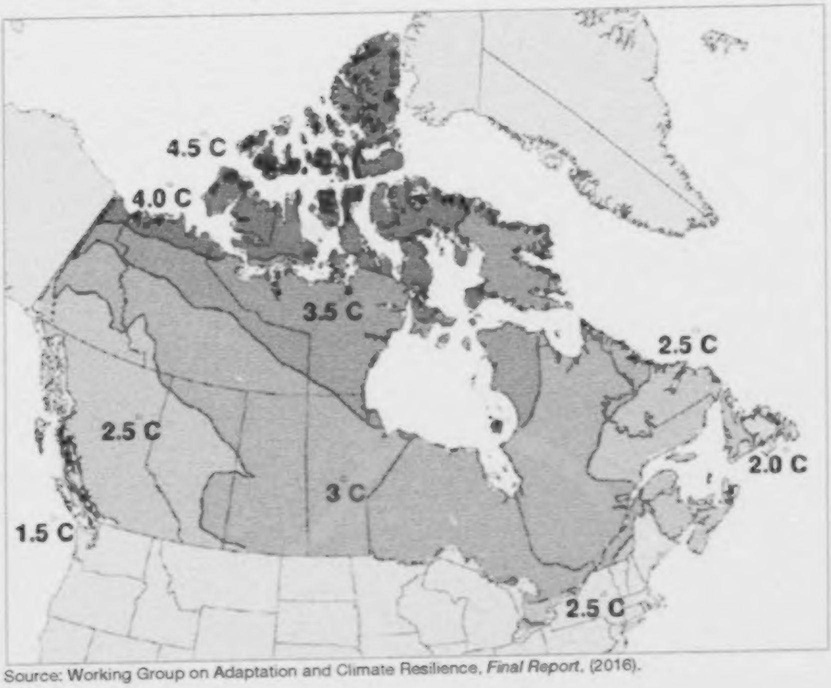
[30] Working Group on Adaptation and Climate Resilience, *Final Report*, (2016), p. 42.
[31] www.parc.ca/ (15 March 2017).
[32] Ibid.

## 4.0 Canadian Temperature Trends, 1948 - 2012


In Degrees Celsius
3.0
2.5
2.0
1.5
1.0
0.5
0.0

Source: Environment and Climate Change Canada, http://ec.gc.ca/sc-cs/Default.asp?lang=En&n=A5F83C26-1 (27 March 2017).

## 5.0 Projected Increase in Annual Average Temperature, 2041 - 2070 (relative to 1976 - 2005)


4.5 C
4.0 C
3.5 C
2.5 C
2.5 C
2.0 C
3 C
1.5 C
2.5 C

Source: Working Group on Adaptation and Climate Resilience, *Final Report*, (2016).

## 6.0 Selected References

Auditor General of Prince Edward Island. (2017). *Report of the Auditor General to the Legislative Assembly: Climate Change*. Charlottetown: Author. www.gov.pe.ca/photos/original/ag_report2017.pdf (22 March 2017).

Environment and Climate Change Canada. (2015). *National Inventory Report 1990-2014: Greenhouse Gas Sources and Sinks in Canada.* Ottawa: Author. http://unfccc.int/national_reports/annex_i_ghg_inventories/national_inventories_submissions/items/9492.php (9 March 2017).

Government of Saskatchewan. (2016). *Climate Change White Paper.* Regina: Author. www.saskatchewan.ca/government/news-and-media/2016/october/18/climate-change-plan (31 October 2016).

INTOSAI Working Group on Environmental Auditing. (2010). *Coordinated International Audit on Climate Change; Key Implications for Governments and their Auditors.* www.environmental-auditing.org/Portals/0/AuditFiles/Canada_f_eng_International%20Audit%20on%20Climate%20Change.pdf (1 April 2016).

# Chapter 5
# Finance—Implementing the Revenue Administration Modernization Project

## 1.0 MAIN POINTS

The Ministry of Finance is updating its taxation revenue administration processes including related IT systems over five years (from 2014 to 2019). It calls this renewal project the Revenue Administration Modernization Project (RAMP). It expects this project to cost $35.5 million.

The Ministry is using RAMP to change how it administers many types of taxation revenue such as provincial sales tax and tobacco tax. It expects to retire up to 25 tax-related IT systems as part of RAMP.[1]

It expects implementing RAMP will lead to productivity gains (e.g., reducing time to process revenue transactions), financial benefits (e.g., identifying underreported taxes, reduced costs) of $103 million over 15 years, improved customer service (e.g., faster and improved access to records), and increased IT system availability (e.g., less downtime).

This chapter describes the results of our audit of the Ministry of Finance's processes for managing the implementation of RAMP. For the 12-month period ended January 31, 2017, those processes were effective, except in the following areas. The Ministry needs to:

- Document how and when it will measure and report benefits achieved.

  While it had clearly defined the benefits expected from RAMP, as noted above, the Ministry had not determined how best to measure and report on them. Having clear measures is key to assessing and demonstrating whether RAMP results in the productivity, revenue, and efficiency gains expected.

- Report, in writing, all costs incurred in project reports used to monitor the project's progress.

  Its monthly status reports included some but not all costs incurred. Complete costing information helps effectively monitor project costs and support decisions about the project's financial status.

## 2.0 INTRODUCTION

One of the Ministry of Finance's key responsibilities is administering and collecting certain provincial taxes.[2] The Government of Saskatchewan relies on its taxation revenues to finance its core services (e.g., provision of health and education).

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[1] Ministry of Finance, *Updated Business Case, Revenue Administration Modernization Program*, (2014).

[2] *The Revenue and Financial Services Act*, s.10. gives the Minister of Finance the authority to collect or control the collection of public money, and assess taxes and collect those taxes.

## 2.1 Responsibility for Administering Tax Revenue

Each year, the Government of Saskatchewan levies about $6 billion of taxes (see **Figure 1**). The Ministry directly administers these taxes, other than individual and corporate income taxes that the Federal Government administers on behalf of the province.

In 2015-16, about 60,000 businesses and 32,000 farmers operating in Saskatchewan paid some form of provincial taxes either levied or collected by the Ministry.[3]

**Figure 1—Taxation Revenue by Major Type[A]**

| Taxation Revenue Type | 2015-16 | 2014-15 |
|---|---|---|
| | (in millions) | |
| Individual Income Tax | $ 2,537 | $ 2,547 |
| Provincial Sales Tax | 1,289 | 1,358 |
| Corporate Income Tax | 1,003 | 848 |
| Fuel Tax | 479 | 515 |
| Tobacco Tax | 264 | 261 |
| Other Taxes (e.g., Corporate Capital Tax, Liquor Consumption Tax, Insurance and Motor Vehicle Insurance Premium Tax, Beverage Container Program) | 370 | 349 |
| **Total Taxation Revenue** | **$ 5,942** | **$ 5,878** |

Source: Ministry of Finance, *2015-16 Annual Report* and Ministry of Finance, *2014-15 Annual Report*.
[A] Taxation Revenue Types impacted by RAMP are shaded in the table.

The Ministry makes its Revenue Division responsible for administering its tax programs. The Revenue Division includes four branches: Audit, Tax Information and Compliance, Revenue Operations, and Revenue Administration Modernization Project. The Division's responsibilities include, but are not limited to: developing and monitoring compliance with administrative policy and legislation; registering businesses that collect and remit taxes; collecting and enforcing taxes; serving customers; and auditing compliance of taxpayer records.

# 3.0 HISTORY OF THE MINISTRY'S REVENUE SYSTEMS

In July 2013, the Ministry began planning[4] to modernize some of its tax revenue processes and related IT systems[5] (e.g., fuel and tobacco tax). It called this project RAMP. The Ministry expects to retire up to 25 tax-related IT systems as part of RAMP and change related administrative processes.

In June 2014, the Ministry determined the RAMP requirements. It bought an IT revenue system (the Taxation Administration and Compliance System – TACS) and is configuring it for use in Saskatchewan at a total cost of $20.3 million. In addition, it developed plans for streamlining the Ministry's existing policies and organizational processes, and putting TACS into use.[6]

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[3] Ministry of Finance, *2015-16 Annual Report*, p. 8.
[4] Planning included developing preliminary requirements, conducting research, and designing target architecture. For this audit, we define architecture as a strategy for solving business problems using IT.
[5] Some of these IT systems are nearly 40 years old.

The Ministry plans to implement RAMP in four releases as shown in **Figure 2**, at an estimated cost of $35.5 million.[7, 8] The Ministry spent $8.7 million[9] in 2015-16 and about $7.5 million[10] in 2016-17 on capital expenditures for RAMP.

**Figure 2—RAMP Planned Release Dates**

| Release # | Release Description[A] | Actual/Expected Start Date | Actual/Expected Completion Date |
|---|---|---|---|
| 1 | Fuel Tax, Tobacco Tax | September 1, 2015 | November 30, 2016 |
| 2 | Provincial Sales Tax, Liquor Consumption Tax, Beverage Container Program, and Insurance Premium Tax | September 1, 2016 | November 30, 2017 |
| 3 | Corporation Capital Tax, Farm Fuel Tax, and Taxpayer self-service portal | June 1, 2017 | May 31, 2018 |
| 4 | Additional functionality and warranty period | June 30, 2018 | May 31, 2019 |

Source: Ministry of Finance planning documents.
[A] Each release is to include changes in policy, process, IT systems, and organizational design to update the administration of taxation revenue.

Surveys and literature show that projects involving significant changes to processes, complex transactions, and external stakeholders are inherently risky.11 Ineffective project management processes increase the risk that projects will be late, over budget, or not meet user needs. If RAMP does not meet user needs, the Ministry may not be able to effectively levy and collect taxation revenue, and may create unnecessary inefficiencies and costs for businesses and farmers operating in Saskatchewan.

## 4.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the Ministry of Finance's processes, during the 12-month period ended January 31, 2017, to manage the implementation of its Revenue Administration Modernization Project for work completed by January 31, 2017.

The audit did not examine the processes the Ministry used to determine the need for RAMP, or select specific project management advisors and IT system suppliers.

We interviewed the Ministry staff involved in managing RAMP, and reviewed related documentation (e.g., governance model, business case, project charter). We reviewed minutes from RAMP committees and assessed status reports discussed at the meetings. We examined project changes (e.g., scope, cost, schedule), IT changes, and project testing documentation. We assessed user access to IT tools used to manage RAMP.

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[6] Ministry of Finance, *Updated Business Case, Revenue Administration Modernization Program*, (2014).
[7] Ibid.
[8] This includes the $20.3 million to buy and configure TACS.
[9] Ministry of Finance, *2015-16 Annual Report*, p. 14.
[10] Based on Ministry of Finance expenditure forecasts.
[11] Shared Services Canada, *What Prevents Large IT Projects from being Successful*, www.ssc-spc.gc.ca/pages/ae-ve-eng.html (16 September 2016).

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. The Ministry's management agreed with the criteria (see **Figure 3**).

**Figure 3—Audit Criteria**

Processes to:

1. **Set project management framework**
    - 1.1 Set governance structure for project (oversight, accountability, project objectives)
    - 1.2 Set measurable expected benefits of project
    - 1.3 Establish reporting relationships
    - 1.4 Set systems and expectations for information gathering and recording
    - 1.5 Specify requirements for approving changes to project
2. **Plan releases**
    - 2.1 Plan key attributes (cost, timeframe, human resources, business and technical requirements, quality)
    - 2.2 Plan to obtain required resources (e.g., people, financial, physical)
    - 2.3 Identify, evaluate, and plan to manage risks
3. **Monitor progress**
    - 3.1 Regularly evaluate key attributes
    - 3.2 Make adjustments to releases as required (e.g., scope, actions, timelines)
    - 3.3 Track key information to enable measuring of achievement of project objectives
    - 3.4 Regularly report progress
4. **Adjust project management framework and processes between releases**
    - 4.1 Evaluate project management processes and results
    - 4.2 Implement changes based on evaluations (e.g., lessons learned)

**We concluded that, for the 12-month period ended January 31, 2017, the Ministry of Finance had effective processes, except in the following areas, for managing the implementation of its Revenue Administration Modernization Project. The Ministry needs to:**

- **Document how and when it will measure and report benefits achieved**
- **Report all costs incurred in project reports**

## 5.0 KEY FINDINGS AND RECOMMENDATIONS

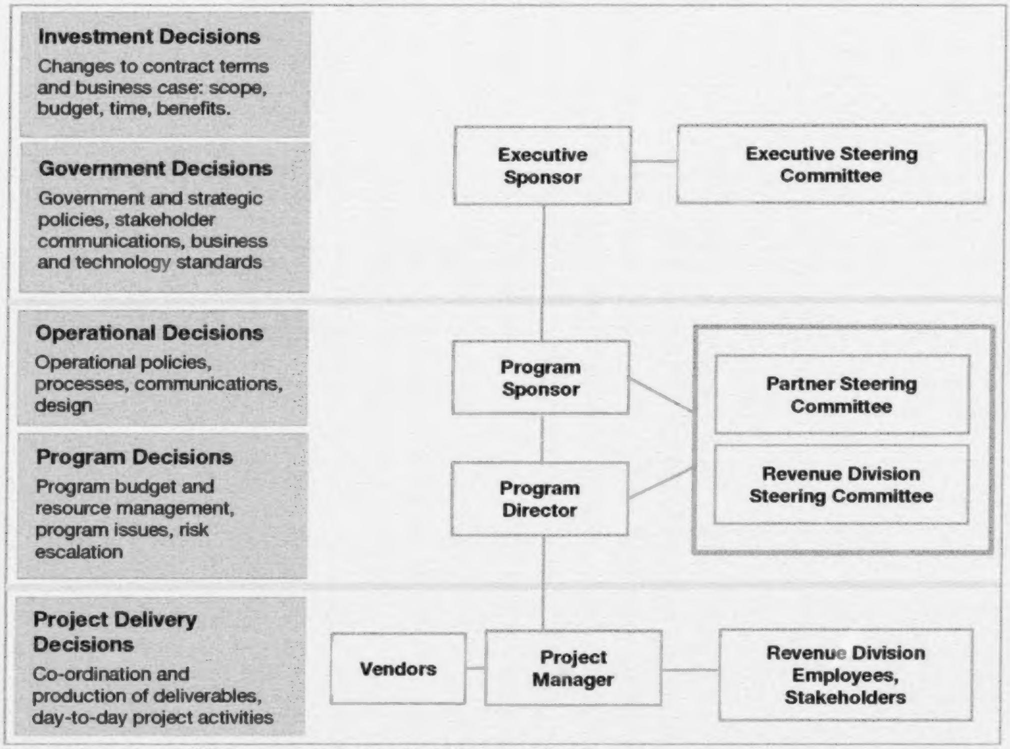
In this section, we set out our expectations (*in italics*), key findings, and related recommendations.

### 5.1 RAMP Governance Structure Set

*We expected the Ministry to have a project governance structure for RAMP that clearly set out roles and responsibilities for managing the implementation of RAMP. We also expected the Ministry would establish reporting relationships to keep RAMP staff informed of project status. This would include processes to gather and record key information for reporting.*

The Ministry's Governance Decision Model Framework set the governance structure for RAMP (see **Figure 4**). The Model clearly defined key roles and responsibilities.

**Figure 4—RAMP Governance Model**


Investment Decisions
Changes to contract terms and business case: scope, budget, time, benefits.
Government Decisions
Government and strategic policies, stakeholder communications, business and technology standards
Operational Decisions
Operational policies, processes, communications, design
Program Decisions
Program budget and resource management, program issues, risk escalation
Project Delivery Decisions
Co-ordination and production of deliverables, day-to-day project activities
Executive Sponsor
Executive Steering Committee
Program Sponsor
Partner Steering Committee
Program Director
Revenue Division Steering Committee
Vendors
Project Manager
Revenue Division Employees, Stakeholders

Source: Adapted from *RAMP Governance – Decision Model Framework*, (2015).

As reflected in **Figure 4**, the Governance Model involved numerous groups and individuals. Key responsibilities were as follows.

The Executive Sponsor approves government policy changes resulting from the project, as well as changes to the project's scope, cost, or timing. The Deputy Minister of Finance was the Executive Sponsor.

The Executive Steering Committee advises the Executive Sponsor about investment and government decisions. It also ensures the project's alignment with government priorities and standards. The Committee was comprised of the Deputy Minister of Finance, two of the Ministry's Assistant Deputy Ministers, the RAMP Project Directors, three representatives from the Ministry of Central Services,[12] and an Executive Director of the IT application vendor.

The Program Sponsor is responsible for implementation of the project, including approving design decisions and operational changes (e.g., policy, organization) resulting from the project. The Assistant Deputy Minister of the Ministry's Revenue Division was the Program Sponsor.

The Revenue Division Steering Committee and the Partner Steering Committee advise the Program Sponsor about design decisions and operational changes. The Revenue Division Steering Committee approves changes to business processes and client service delivery.

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[12] The Ministry of Central Services provides IT services to the Ministry of Finance.

This Committee was comprised of only the Ministry's staff, including the Project Sponsor, a RAMP Project Director, a RAMP Project Manager, and four other representatives. The Partner Steering Committee includes vendor representatives to help resolve issues and risks timely. This Committee was comprised of the Project Sponsor, the RAMP Project Directors, two RAMP Project Managers, one representative from the Ministry of Central Services, and four other representatives from the Ministry.

The Program Directors provide oversight, co-ordination, and leadership for the project. They are responsible for managing the project budget and scope and managing vendors. The Director of the Ministry's RAMP unit and an employee from the IT application vendor were the assigned Program Directors.

The Project Managers report directly to the Program Directors, and are responsible for timely completion of tasks and deliverables. Other staff carry out tasks under direction from the Project Managers. An employee from the Ministry's RAMP unit and two employees from the IT application vendor were the Project Managers.

The Model required regular status reports and regular committee meetings to keep staff and vendors informed of project status and decisions.

The Ministry maintained information about the project electronically. For example, it used IT applications (IT tools) to track the different tasks planned for the project and their status (i.e., complete, in progress, not started). The tools also tracked testing of the new IT system, as well as issues and changes. The tools gave access to project status information to support preparing status reports in real time. In addition, the Ministry's financial system (i.e., MIDAS) tracked information about project costs.

## 5.2 Work Continues for Measuring Expected Benefits

### 5.2.1 Expected Benefits of RAMP Set

*We expected the Ministry to set, in writing, the benefits it expected to gain from implementing RAMP (expected benefits).*

The Ministry set expected benefits in its business case for RAMP.[13] Expected benefits included:

- Productivity gains (e.g., reducing time to process revenue transactions) resulting in reallocating about eight full-time employees
- Revenue gains (e.g., identifying underreported taxes) and reduced costs (e.g., lower costs to fix broken IT systems) resulting in a financial benefit of $103 million over 15 years
- Improved customer service (e.g., faster and improved access to records)
- Increased IT system availability (e.g., reduced downtime)

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[13] Adapted from Ministry of Finance, *Updated Business Case, Revenue Administration Modernization Program*, (2014).

Because the implementation of RAMP spans five years, management noted that it may identify additional benefits as the project progresses.

### 5.2.2 Processes to Measure Benefits Expected from Implementation of RAMP Needed

*We expected the Ministry to have processes for measuring and reporting benefits achieved to stakeholders (e.g., Treasury Board, Ministry executive, Revenue Division staff, taxpayers). Requirements would include how to measure the benefits and what to report, how often, by when, and to whom.*

The Ministry had not developed detailed processes for how and when it will measure and report the achievement of expected benefits from RAMP.

Because the Ministry had just recently implemented Release 1 of the new system (i.e., on November 30, 2016), by the end of January 31, 2017, it had not started reporting on expected benefits to its stakeholders. In addition, it had not established what information on expected benefits it would report. Nor had it determined how often or when it would report to its various stakeholders.

We found that, by the end of January 2017, the Ministry had identified some, but not all, information necessary for measuring and reporting on expected benefits. For example, it decided it needed information about tax revenue collection to measure if the new processes help it to identify underreported taxes.

The Ministry used information from its old systems and pre-RAMP processes to administer taxes to determine some baselines and targets for its expected benefits. It did not have baselines and targets for all identified benefits.

In addition, the Ministry was at the early stages of determining how it would gather and analyze the required information. For example, the Ministry planned to study the amount of underreported tax revenues over time to see if RAMP improved the detection of underreported taxes. At January 2017, it had not developed guidance (e.g., templates) to assist in this information gathering process. Management indicated it expects to complete its plans for measuring and reporting on expected benefits during 2017-18.

Without established processes, the risk increases of the Ministry not accurately measuring the benefits of implementing RAMP. Not having accurate measures would impair its ability to assess and demonstrate whether RAMP resulted in the productivity, revenue and efficiency gains expected.

1. **We recommend that the Ministry of Finance establish how and when it will measure and report to stakeholders about the benefits achieved from its Revenue Administration Modernization Project.**

## 5.3 Releases Planned

*We expected the Ministry to plan key attributes (i.e., cost, timeframe, human resources, business and technical requirements, quality). The Ministry would plan to obtain required resources for implementing RAMP. We expected the Ministry's planning would include identifying, evaluating, and managing project risks.*

The Ministry used the business case that it had developed in 2014 to support the need for RAMP to identify general business, technical, and resource requirements.

When the Ministry developed the business case, it did so with support from its existing revenue system users, and guidance from external experts with project management expertise. We found the Ministry used requirements from the business case to support annual budget requests.

The RAMP business case identified the skills and expertise needed. In addition, it identified which skills and expertise it could obtain from employees within the Ministry (e.g., project management, tax administration), and from external vendors (e.g., organizational change management, IT system development).

We found it also obtained software, servers, and other resources required for the project from the external vendors.

The Ministry documented project risks (e.g., cost overruns, delays) electronically. We found the Ministry evaluated each risk including the likelihood and impact. It documented plans to address the identified risks (i.e., accept, avoid, transfer, mitigate) and assigned staff to manage them. We found that regular reporting and discussion of risks occurred at RAMP steering committee meetings as expected.

## 5.4 Progress Monitored, but Reported Costs Incomplete

*We expected the Ministry would regularly evaluate time and costs incurred and remaining, progress achieved, and quality of work. The Ministry would use this analysis to regularly report progress to key stakeholders.*

Ministry staff reported on the project consistent with expectations set out in the Governance Model but monthly reports provided did not include all project costs.

The Model required monthly status reports about costs, project schedule, significant issues and risks, and decision items. While reports included information about costs, we found the costs did not reflect all of the costs incurred to the date of the report (e.g., month end).

While the Ministry had the cost information (i.e., information in its financial records and copies of invoices from vendors not yet recorded in its financial records), it primarily used the costs recorded in financial records to prepare the monthly reports. For one month, the report did not include over one-half of the costs incurred that month (i.e., missed $0.6 million of $1.0 million). Management advised us that they gave verbal updates on total costs at steering committee meetings upon request. The minutes of those meetings did not provide evidence of these updates.

Not reporting complete information about project costs decreases the ability to properly monitor the costs as compared to budget and may result in inappropriate decisions about the financial status of the project.

2. **We recommend that the Ministry of Finance report all costs incurred when reporting on its Revenue Administration Modernization Project.**

The status reports we reviewed included an indicator to show if management expected costs would be within budget for the year. Management considered information in the financial records and other information such as invoices not yet recorded to determine if they would be within budget. At January 31, 2017, Finance forecasted it will complete the project on time and on budget.

The status reports also included appropriate information about the remaining required items, such as project schedule, significant issues and risks, and decision items (e.g., changes to the project).

## 5.5 Project Changes Properly Approved and Documented

*We expected the Ministry would use established processes to adjust releases as required (e.g., scope, actions, and timelines).*

The Ministry used a standard change request template to make changes to the project (e.g., timelines, budget, scope).

The template required appropriate supporting information (e.g., business reason for change; recommended approach and alternatives; impact on the project, cost, and timelines). The Executive Sponsor's approval of these changes was required before proceeding.

The Ministry managed changes to IT systems electronically. It required support for the changes, approval to develop the changes, resolution of issues or system bugs, testing to validate changes worked as expected, and approval to move the changes into production.

For changes we reviewed, the Ministry followed its established processes including appropriate approvals.

## 5.6 Using Lessons Learned

*We expected the Ministry would evaluate its project management processes. It would implement changes based on its evaluations.*

The Ministry considered and documented lessons learned during Release 1.

It held sessions to discuss issues its staff and vendors found. It documented these discussions. It noted why issues arose and potential changes to prevent these issues from reoccurring in future releases. For example, the Ministry required a significant amount of manual labour to check that it put all data correctly into the new IT system for Release 1. This issue partly resulted because the Ministry did not sufficiently test that its reconciliation processes would work as expected. To overcome this challenge, it suggested testing a subset of data before working with all of the data to resolve issues in advance.

In addition, the Ministry identified next steps to implement the changes. We found that it had implemented some of these changes by January 31, 2017, and was planning to implement others as Release 2 progressed. For example, in January 2017, the Ministry started to track information about detailed project tasks differently to ease project reporting. None of the identified changes required adjustment to the RAMP Governance Model.

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# Chapter 6
# Health—Detecting Inappropriate Physician Payments

## 1.0 MAIN POINTS

Each year, the Ministry of Health pays over $500 million to about 1,800 physicians under a fee-for-service arrangement.

Laws require physicians to submit accurate fee-for-service billings. The Ministry directly compensates them at specific agreed-upon rates for specific services provided to residents with valid health coverage. Under the fee-for-service arrangement, the Ministry cannot practically confirm the validity of all billings before paying physicians. As such, it must have effective processes to detect inappropriate physician billings.

This chapter reports, in 2016, while the Ministry had processes to detect some inappropriate fee-for-service payments to physicians, it needs to:

- Set a comprehensive risk-based strategy and conduct a cost-benefit analysis of IT systems to better detect inappropriate physician billings before paying physicians.

  The Ministry's current IT system is over 50 years old and rules-based instead of risk-based. It results in staff manually assessing the validity of 8,200 physician billings every two weeks. The audit found the Ministry is not always identifying potentially large inappropriate billing before making payments.

  A risk-based strategy and supporting system would better identify high-risk billings and decrease the risk of overpaying physicians.

- Develop criteria to determine which physicians should have their billing practices investigated and assess options to conduct more investigations of physicians suspected of being overpaid.

  The Joint Medical Professional Review Committee with authority to investigate questionable billing practices of physicians investigates only about nine physicians each year even though the Ministry identifies more. For example at March 2017, the Ministry had suspected 15 physicians of questionable billing practices. The low volume of cases being investigated by the Committee, combined with the Ministry's limited review of inappropriate payments, restrains the Ministry's ability to identify and recover overpayments.

  Having additional options to investigate could identify more inappropriate billings, and better reinforce the importance of physicians having appropriate fee-for-service billing practices.

Physicians may submit bills for the incorrect amounts because of misunderstandings, mistakes, or, on occasion, deliberate actions. In 2016-17, physicians were ordered to repay $1.2 million for inappropriate billings. Strong processes to detect inappropriate payments will help ensure taxpayers only pay for eligible services.

## 2.0 INTRODUCTION

This chapter reports the results of our audit of the effectiveness of the Ministry's processes to detect inappropriate fee-for-service payments to physicians.

### 2.1 Insured Health Services Defined

The Ministry of Health pays physicians to provide insured health services to Saskatchewan residents with valid Saskatchewan health coverage.

To receive health services within Saskatchewan without paying for them directly, a person must be a resident and registered with Health Registration Services at eHealth Saskatchewan. Individuals are responsible for registering themselves and their dependents for a Saskatchewan health card. The Saskatchewan health card identifies the resident as eligible to receive insured health services without paying for them directly.[1]

*The Saskatchewan Medical Care Insurance Act* (Insurance Act) defines insured health services. They include general medical, obstetrics, anaesthesia, diagnostic, and surgical services.

### 2.2 Most Physicians Paid Via Fee-for-Service

Physicians can promote, maintain, and restore our health, and can often save lives. Physicians play a major role in providing insured health services.

At December 2016, about three quarters[2] of physicians in Saskatchewan provide insured services using a fee-for-service arrangement. Under the fee-for-service arrangement, the Ministry directly compensates a physician at a pre-set rate for each specific insured service provided to a Saskatchewan resident.

At March 31, 2016, Saskatchewan had 2,375 licensed physicians, of which 1,699 were active general practitioners and specialist physicians.[3] At that date, the Ministry of Health paid 1,806 physicians under the fee-for-service arrangement. It paid about one-sixth of them under both the fee-for-service and the non-fee-for-service arrangements.[4]

As shown in **Figure 1**, the total number of licensed physicians increased by about 14% from 2011-12 to 2015-16 with the number of active licensed general practitioners and specialists increasing by almost 17% over the same period.

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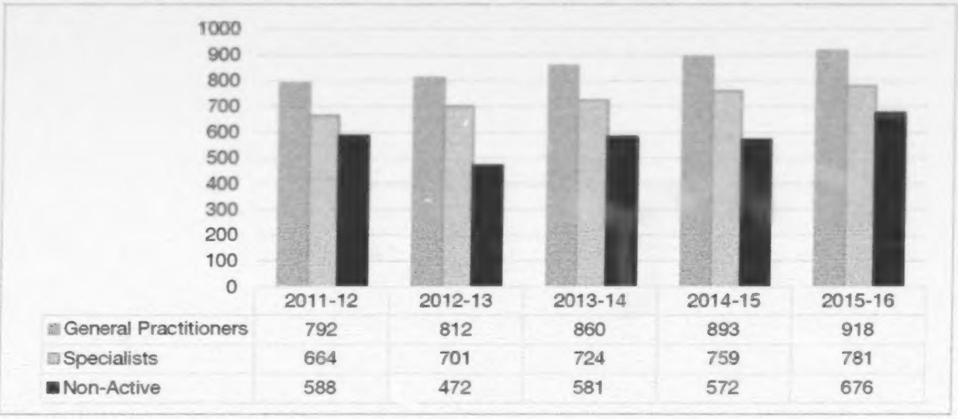
[1] www.ehealthsask.ca/residents/health-cards/ (6 April 2017).

[2] From Ministry of Health's Physician Claim IT system.

[3] Active physicians are physicians whose billings were more than $60,000 in the fiscal year. Non-Active physicians are those with billings less than $60,000.

[4] Non-fee-for-service arrangements are alternative payments. These are payments to physicians receiving a salary from their local regional health authority.

**Figure 1—Number of Licensed Physicians at March 31 from 2012 to 2016**



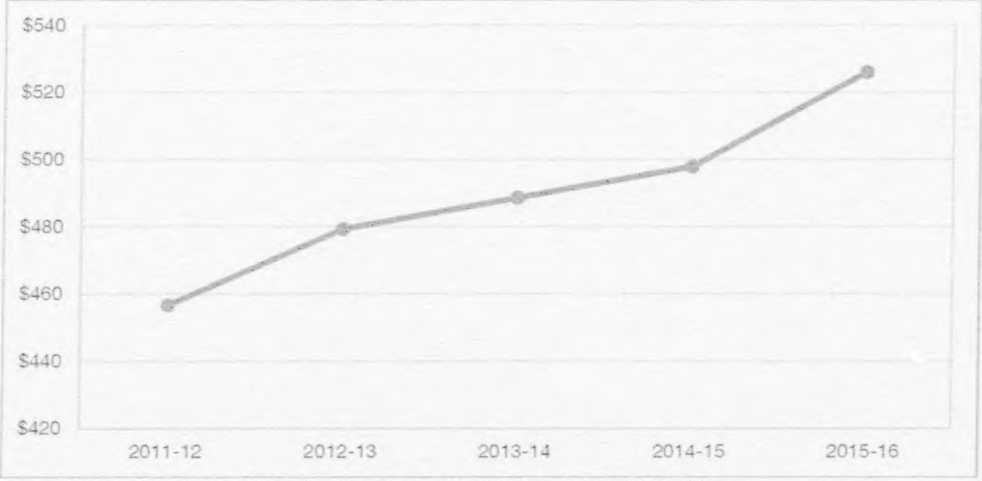
| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|
| ▨ General Practitioners | 792 | 812 | 860 | 893 | 918 |
| ▨ Specialists | 664 | 701 | 724 | 759 | 781 |
| ■ Non-Active | 588 | 472 | 581 | 572 | 676 |

Note: 2016 was the most recent available data at March 2017.
Source: Ministry of Health Medical Services Branch Annual Statistical Reports for 2011-2016.

The Insurance Act establishes payment schedules that further define insured services. Payment schedules set out fee rates for each type of insured service and form the basis of the fee-for-service arrangement.[5]

The costs of fee-for-service payments to physicians account for about one-tenth of the total annual costs of Saskatchewan health services. As shown in **Figure 2**, over five years, the fee-for-service payments to physicians have grown about 15% from just over $450 million in 2011-12 to just over $525 million in 2015-16. In 2015-16, these physicians provided almost 12 million insured services (2014-15: 11.5 million).[6]

**Figure 2—Physicians Fee-for-Services Payments (in millions) from 2012 to 2016**



Source: Ministry of Health Medical Services Branch Annual Statistical Reports for 2011-2016.

The Insurance Act places the onus on the physician to submit accurate fee-for-service billings. It recognizes that the Ministry cannot practically confirm that all patients received services reflected in the billings prior to paying the physician. As such, Saskatchewan's fee-for-service arrangement, to some extent, uses the honour system. In addition, the use of a fee-for-service arrangement may encourage physicians to provide a higher volume of insured services to make more money in some instances.

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[5] Ministry of Health Medical Services Branch, *Annual Statistical Report for 2015-16*, p. 9.
[6] Ibid.

Literature estimates that fraud and error losses as related to physician payments to be at least 3%, but likely more than 5% and possibly more than 10%.[7]

In order to increase their services, physicians may knowingly or unknowingly submit inappropriate billings to the Ministry and the Ministry may pay for:

- Services not provided or medically required
- Incorrect service codes (such as codes that result in higher payments than actual services provided)
- Duplicate billings for a single service

Honour-based systems, such as the physicians' fee-for-service arrangement need strong processes to detect inappropriate billing practices.

## 3.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess the effectiveness of the Ministry of Health's processes to detect inappropriate fee-for-service payments to physicians for the 12-month period ending December 31, 2016.

The audit did not include payments for services provided by optometrists, dentists, or out-of-province physicians. In addition, it did not include alternative payments. These are payments to physicians (e.g., hospitalists)[8] receiving a salary from their local regional health authority. It also did not question decisions of the Joint Medical Professional Review Committee.[9]

We examined the Ministry's policies, procedures, reports, IT systems, and data related to physician billings and payments. We assessed the Ministry's processes to investigate and recover physician inappropriate payments. We preserved the confidentiality of physician and patient information.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on our related work, reviews of literature including reports of other auditors and consultations with management. The Ministry's management agreed with the criteria (see **Figure 3**).

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[7] Jim Gee and Mark Button, *The financial cost of healthcare fraud 2015*, p. 6.

[8] A hospitalist is a physician (employed by a local regional health authority) who specializes in caring for patients while they are in the hospital.

[9] The Joint Medical Professional Review Committee is a professional review committee established under *The Saskatchewan Medical Care Insurance Act*.

**Figure 3—Audit Criteria**

**Processes to:**

1. **Set out roles and responsibilities**
   - 1.1. Communicate service expectations and rates to be paid
   - 1.2. Agree upon roles and responsibilities of parties involved (e.g., Ministry, physicians, Joint Medical Professional Review Committee)
2. **Use a risk-based strategy to prevent and detect inappropriate payments**
   - 2.1. Identify key risks of inappropriate billings
   - 2.2. Develop a risk-based strategy to prevent and detect inappropriate payments (e.g., physician education, system controls, analytics, audits)
   - 2.3. Carry out the strategy as planned
   - 2.4. Maintain sufficient tools and adequately trained staff
   - 2.5. Measure and report the effectiveness of its strategy to prevent and detect inappropriate payments (e.g., amount of recoveries, number of audits)
3. **Recover overpayments in a timely manner**
   - 3.1 Communicate overpayment decisions timely
   - 3.2 Collect overpayments
   - 3.3 Use enforcement measures where appropriate

**We concluded that for the 12-month period ended December 31, 2016, the Ministry of Health had, except for the following areas, effective processes to detect inappropriate fee-for-service payments to physicians. The Ministry of Health needs to:**

- **Use a comprehensive risk-based strategy to detect inappropriate physician billings before paying physicians**
- **Conduct a cost-benefit analysis of IT systems that may help to prevent inappropriate payments to physicians**
- **Assess options to allow the Ministry to conduct more investigations of physicians that it suspects have billed inappropriately**
- **Develop standard criteria to determine which physicians billing practices should be investigated**

The Ministry has similar processes for payments to optometrists and dentists. The recommendations made in this chapter may also be applicable to those processes.

# 4.0 KEY FINDINGS AND RECOMMENDATIONS

## 4.1 Clear Roles and Responsibilities

### 4.1.1 Services and Rates Agreed to by Ministry and SMA

The Ministry publishes the *Payment Schedule for Insured Services Provided by a Physician* (Payment Schedule) and, in conjunction with the Saskatchewan Medical Association (SMA),[10] keeps physicians informed of changes to insured services and rates.

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[10] The SMA is a provincial division of the Canadian Medical Association that represents the collective view of physicians in Saskatchewan.

The Ministry and SMA negotiate the rates and service codes in the full Payment Schedule about every three years. In addition, they negotiate and revise individual rates for specific services (i.e., service codes) twice a year (every April and October). Service codes in the Payment Schedule reflect specific insured services such as consultations, biopsies, injections, and surgeries.

The Ministry makes the updated Payment Schedule publicly available on the Saskatchewan government website.[11] With each update to the Payment Schedule, the Ministry publishes a newsletter and operations bulletin outlining and explaining the changes. These documents are published on the Ministry's website. Also, the operations bulletin and newsletter are printed and mailed out directly to physicians.

For changes to the Payment Schedule, the Ministry updates service codes and rates in its physician claims IT system (IT system). We found the Ministry had appropriately limited the number of users with the ability to adjust service rates in the IT system. In addition, we found the service codes and rates in the IT system agreed to the approved Payment Schedule.

The Payment Schedule in effect at March 2017 was for physician services provided on or after October 1, 2016.

### 4.1.2 Ministry Registers Physicians Prior to Accepting Billings

The Ministry registers physicians who are licensed in Saskatchewan before they can begin billing for insured services they have provided.

The Saskatchewan College of Physicians and Surgeons[12] is responsible for licensing properly qualified physicians in the province. Once licensed to practice, the College notifies the Ministry to register the physician.

To register, the physician must complete and sign:

- Practitioner questionnaire, which includes personal and clinic information
- Automated claim submission and direct payment agreement
- Direct bank deposit form

Once registered, the Ministry assigns a unique billing number to each physician. Physicians submit bills electronically through the Ministry's IT system.

For each of the 30 new physicians we tested, the College had licensed them, and each had properly completed the required paperwork with the Ministry. The Ministry's IT system had assigned each physician a unique billing number.

When a physician's licence to practice in Saskatchewan expires, the College notifies the Ministry. Upon notification, the Ministry deactivates the physician's billing number with a stop date in its IT system. Physicians have up to 6 months to submit billings for services provided before the stop date of service.

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[11] www.saskatchewan.ca/government/health-care-administration-and-provider-resources/resources-for-health-care-businesses-and-career-development/physician-career-resources#physician-payment-schedules-newsletters-and-bulletins. (6 April 2017)

[12] The College is a self-regulating body established by *The Medical Profession Act, 1991*.

We verified that programmed controls (edit checks) in its IT system appropriately prevent payments to unlicensed physicians.

For billing purposes, *The Saskatchewan Medical Care Insurance Act* (Insurance Act) makes the physicians responsible for maintaining adequate medical records that appropriately support the services provided and billed. The Payment Schedule outlines the physician's medical record keeping obligations, which must support the services billed.

## 4.2 More Efficient Strategy Needed to Identify Inappropriate Billings Before Paying

### 4.2.1 Pre-verification Process Identifying Some Inappropriate Billing But Edit Checks Simplistic

The Ministry subjects all fee-for-service billings to a pre-verification process to check their validity prior to payment. The simplicity of the pre-verification process results in a need for manual verification processes.

On a bi-weekly basis, physicians directly enter their billings into the Ministry's IT system. As shown in **Figure 4**, the Ministry uses this pre-verification process to help identify inappropriate billings and to help prevent inappropriate payments to physicians.

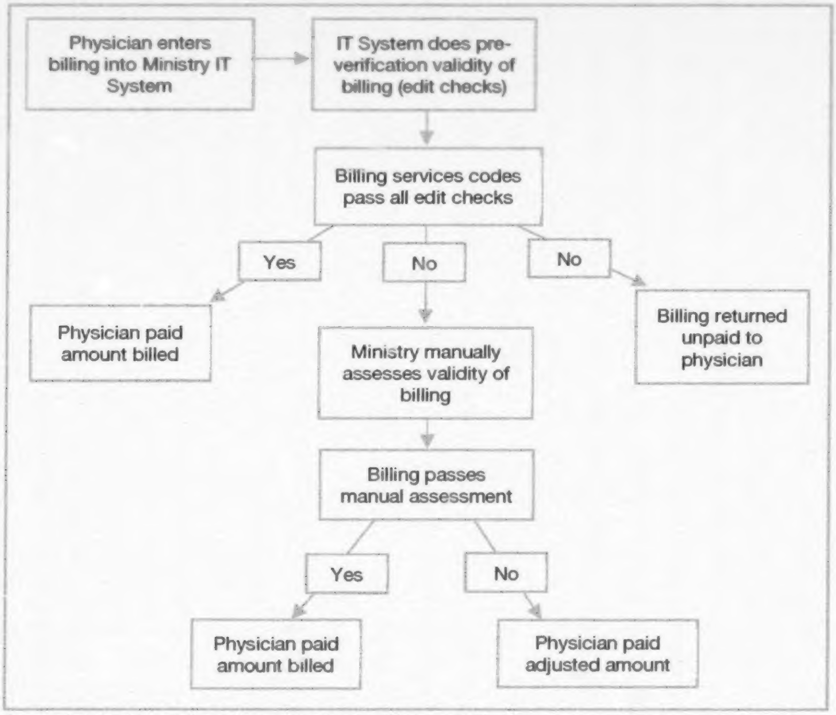
The pre-verification consists of various edit checks that the Ministry has programmed into its IT system. At January 2017, the Ministry had programmed simple edit checks into its system. For example, simple edit checks include checking:

- The validity of patients' health service numbers on physician bills
- The validity of physician billing numbers
- Whether the billings submitted align with the eligible services and rates in the Payment Schedule
- If billings include a second patient visit on the same date of service by the same physician or at the same clinic (e.g., duplicate billings for a single service)

The usefulness of these edit checks can change depending on changes in the Payment Schedule and changes in medical practice. Periodically, the Ministry removes edit checks not used in the past three years from the IT system. Some of the edit checks are designed to identify a questionable billing and trigger a manual assessment (see **Section 4.2.2**).

The Ministry's IT system automatically screens each billing through these edit checks. As shown in **Figure 4**, these edit checks result in a physician being paid the amount billed, the billing being rejected and returned unpaid to a physician for correction, or the billing being put on hold until the Ministry has manually assessed it. In 2015-16, in-province physicians submitted nearly 12 million billings.[13]

**Figure 4—Ministry Fee-for-Service Billing Payment Process**


Physician enters billing into Ministry IT System
IT System does pre-verification validity of billing (edit checks)
Billing services codes pass all edit checks
Yes
No
No
Physician paid amount billed
Ministry manually assesses validity of billing
Billing returned unpaid to physician
Billing passes manual assessment
Yes
No
Physician paid amount billed
Physician paid adjusted amount

Source: Adapted from information provided by the Ministry of Health.

The Ministry built its original IT system over 50 years ago. The Ministry has made various improvements to it since then. However, the current IT system has limitations and is inflexible.

The Ministry's current IT system is rules-based through its use of edit checks. It is not risk-based in that it cannot assess significant amounts of data to identify suspicious activity. In addition, unlike more sophisticated IT systems, it cannot be programmed to detect anomalies such as physicians billing higher volume of services than other physicians that may indicate potential inappropriate billings.

### 4.2.2 Labour-Intensive Manual Assessment May Not Effectively Detect Inappropriate Billings

The Ministry relies on manual assessment of a large number of claims to identify inappropriate billings and prevent inappropriate payments. This manual verification process is labour-intensive and may miss inappropriate billings.

Inappropriate billing can result from physician misunderstandings, mistakes, or deliberate actions.

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[13] Ministry of Health Medical Services Branch, *Annual Statistical Report for 2015-16*, p. 22.

The Ministry aims to pay all physician bills every two weeks including those subject to manual assessment.

The Ministry has about 10 staff in the claims adjudication unit who manually assess physician billings that do not pass the pre-verification stage (i.e., are an error, omission, or identified as questionable billings). In 2016, the Ministry's claim adjudication unit manually assessed and processed, on average about 8,200 billings every two weeks.

The Ministry maintains an Assessment Manual. It updates the Manual each time the Payment Schedule is updated or as needed. The Manual provides staff with key information about the assessment process and provides guidance on making decisions about questionable billings.

For five billings we tested subject to manual assessment, all were assessed consistent with processes described in the Assessment Manual.

The Ministry annually publishes information on the results of its pre-payment verification process (i.e., routine adjustments as a result of edit checks and manual assessments) in its *Medical Service Branch Annual Statistical Report.*[14]

Also, as shown in **Figure 5**, over the period of the last four years, the number of fee-for-service billings requiring manual assessments has grown by almost 20%. For the last three years, manual assessments for in-province billings have primarily identified errors or inappropriate amounts, and resulted in reducing the amount billed prior to the Ministry making payment.

As shown in **Figure 5**, between 2013 to 2016, the amount of billing adjustments (i.e., reductions) for this period ranged from $8.8 million to $10.9 million. For the 12-month period of January 1, 2016 to December 31, 2016, the Ministry identified inappropriate fee-for-service physician billings of $9 million and made adjustments before paying physicians.

**Figure 5—Total Number of Manual Assessments Per Year and Bi-weekly Pay Period and Adjustments to Fee-for-Service Physician Billings for 2013 to 2016**

| Fiscal Year Unless Otherwise Stated | Total Number of Manual Assessments in Year | Average Number of Manual Assessments in each Bi-weekly Pay Period | Total $ of Reductions to Amounts Billed After Manual Assessment (Adjustments in millions)^A |
|---|---|---|---|
| 2013-14 | 178,508 | 6,866 | $ 10.7 |
| 2014-15 | 203,249 | 7,528 | $ 8.8 |
| 2015-16 | 198,062 | 7,618 | $ 10.9 |
| 2016 (January-December) | 212,827 | 8,186 | $ 9.0 |

^A These figures include about 3% for optometric and dental insured services.
Source: Adapted from information provided by the Ministry of Health.

Each assessor manually checks and processes about 800 billings every two weeks. This high volume of assessments leaves them little time to assess the validity of each billing.

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[14] www.saskatchewan.ca/government/government-structure/ministries/health/other-reports/annual-report-archive#step-3 (6 April 2017).

Assessors focus on certain characteristics on the individual billing in conjunction with the related patient's history to determine the validity of the billing. They do not review the statistical billing profile of the physician. Looking at the statistical billing profile and comparing that billing profile to average physician billing behavior would help better detect unusual and inappropriate billings prior to payment. (See further discussion in **Section 4.2.3**).

### 4.2.3 Better Analysis of Physician Billings Data Needed Before Making Payment

The Ministry does not use data analytic techniques to help identify inappropriate billing prior to making payments.

The Ministry's IT system does not use existing data to analyze billings or make predictions about claims through pattern recognition to avoid making inappropriate payments. This could aid staff in identifying the use of riskier service codes and questionable billing patterns, such as an unreasonable number of services provided in a day.

As later described in **Section 4.3**, the Ministry focuses on volumes of physician services to identify fee-for-service physician payments that may suggest inappropriate billings and warrant further investigation by the Joint Medical Professional Review Committee (see **Figure 6** for its role).

**Figure 6—Joint Medical Professional Review Committee Role**

The Committee's role is to investigate cases referred to it by the Ministry. To investigate, the Committee:

- Evaluates if the service delivered by the physician is justified in terms of the billings submitted.
- Reviews the statistical profile of the physician to determine if the billing pattern raises questions that need to be further explained. Physician statistical profiles summarize services which the Ministry paid a physician, and compares the physician's billings to the related group average for physicians in the same type of practice.
- Reviews whether billings are consistent with the Payment Schedule.
- In selected cases, reconciles the type and number of services billed with services documented in the physician's records for that patient (patient file). If the Committee considers a physician billing to warrant this level of investigation, it serves the physician with written notice of its intention to investigate patient files to substantiate billings.
- Interviews selected physicians to discuss and evaluate identified concerns.
- Based on its investigation, determines the fair and accurate amount of inappropriate billings to recover from the physician. The Committee may order the physician to repay to the Ministry all or part of the inappropriate billings. The Ministry refers to these amounts as recoveries.

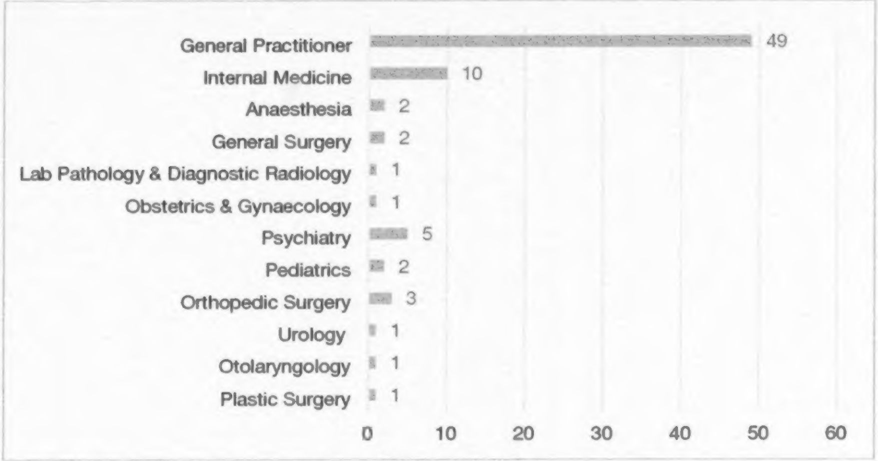
Source: Adapted from information provided by the Ministry of Health.

Using the same volume-based logic, we did some data analytics on the Ministry's 2015-16 fee-for-service billing and payment data. Through these analytics, we identified 78 physicians whose billings were more than two times the mean (i.e., the average value of the physician peer group) in all of the following categories:

- Total costs of services
- Total number of services
- Total number of patients served

**Figure 7** shows those 78 physicians by area of practice. The total amount paid to these 78 physicians in 2015-16 amounted to $64.1 million. The Ministry had referred some of these physicians to the Joint Medical Professional Review Committee in the past. For example, in 2016-17, three of these physicians were referred to the Committee for further investigation. The Ministry indicated it considers other factors when making a referral to the Committee, such as the frequency of billings of individual codes and the number of patients serviced in a day.

**Figure 7—Saskatchewan Physicians Twice the Average Value by Physician Peer Group for 2015-16**



Source: Adapted from information provided by the Ministry of Health.

As later described in **Section 4.4**, the current capacity of the Ministry to investigate and recover inappropriate payments is limited. This limitation places greater importance on having a strong process to identify inappropriate billings prior to making payments.

The volume of physician billings is significant with almost 12 million billings for insured services in 2015-16 (2014-15: 11.5 million).[15] This volume is growing.

It is important physicians are paid on a timely basis for their services. To protect the Government, it is equally important that physicians are only paid for the insured services they provide.

The limitations of the Ministry's current IT system result in labour-intensive assessment processes to check the validity of billings. However, the high and growing volume of billing is placing increased pressure on assessors. We found assessors have to work quickly to minimize delays in paying physicians. They recognize that they have limited time to complete their work.

The assessors identify problems with billings and adjust them before processing payments. A more robust IT system could supplement this process by identifying other potentially large inappropriate billings, which our analytics suggest may have been missed prior to making payment. Not identifying inappropriate physician billings prior to making payment can result in overpayments.

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[15] Ministry of Health Medical Services Branch, *Annual Statistical Report for 2015-16*, p. 22.

Having a comprehensive risk-based strategy to detect inappropriate physician billings before payment would reduce the amount of effort needed to assess and collect inappropriate payments back from physicians.

With a more sophisticated IT system, the Ministry may be able to better identify inappropriate billings, and adjust amounts before paying physicians. Newer IT systems are capable of data mining and other large-scale data analysis techniques.

1. **We recommend that the Ministry of Health use a comprehensive risk-based strategy to detect inappropriate physician billings for insured services before making payments.**

2. **We recommend that the Ministry of Health conduct a cost-benefit analysis of IT systems that would better identify inappropriate physician billings for insured services before making payments.**

## 4.3 Criteria to Determine Which Physicians to Refer for Investigation Needed

The Ministry does not have defined criteria to guide which physicians to refer to the Joint Medical Professional Review Committee (Committee) for investigation, or document why it does not refer physicians it has identified as billing above the mean.

Since 1988, the Insurance Act gives the Committee, and not the Ministry, the authority to investigate physicians' billing practices and determine recovery amounts paid for inappropriate billings under the fee-for-service arrangement, and order physicians to repay amounts paid for inappropriate billings.

The Committee is comprised of six members: the SMA, the College, and the Ministry each appoint two members.[16] Typically, the Committee meets nine times per year.

At January 2017, the Ministry had one staff member assigned to identify fee-for-service physicians that it may have inappropriately paid and may warrant further investigation by the Committee. This staff member manually reviews physician statistical profiles (generated from the Ministry's IT system). The profiles rank the physicians against their peers' average mean in various categories (e.g., total costs of services, total number of services, total number of patients served). The Ministry refers to these as cases.

Staff look for physicians who are above their peers' average mean and further analyze them. Staff determine whether the services appear reasonable in the context of the physician's practice and speciality. Staff focus on analyzing the volumes of services provided by physicians.

Staff do not consistently consider other risks when identifying physicians for the committee, such as certain riskier service codes that are more likely to be misused. Also, staff have not consistently considered whether the amount of services being billed is reasonable given the amount of services a physician could provide in a day. See **Recommendation 2** about conducting a cost-benefit analysis of IT systems that would better identify inappropriate physician billings for insured services.

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[16] *The Medical Care Insurance Peer Review Regulations* (section 4).

Because the Committee only reviews one case at each of its nine meetings in a year and investigations take time and resources, it limits the number of cases that the Ministry refers to the Committee. As such, the Ministry does not refer to the Committee all instances where it thinks it has likely inappropriately paid a physician.

In 2016-17, the Ministry identified about 15 physicians whose billing behaviour exceeded their peers, but referred only 9 of these physicians to the Committee as it only meets 9 times per year.

Having defined criteria promotes consistent assessment of physician billings. Without criteria, the Ministry may be not be investigating and referring physicians with the highest risk of inappropriate billing. Inappropriate payments to physicians increase the cost of delivery of health services to the Ministry.

3. **We recommend that the Ministry of Health develop criteria to determine which physicians to refer to the Joint Medical Professional Review Committee for investigation of appropriateness of billing for insured services.**

## 4.4 Ministry Ability to Investigate and Recover Overpayments to Physicians Limited

The low volume of reviews of physician cases by the Joint Medical Professional Review Committee and number of staff currently assigned to review physician billings post-payment is limiting the Ministry's ability to recover overpayments to physicians and reinforce the importance of physicians having appropriate fee-for-services billing practices.

**Committee Reviews a Limited Number of Physicians**

As noted in **Section 4.3**, the Ministry often identifies more physicians that may have inappropriately billed than the Committee can review in a given year. For example, the Ministry identified 15 physicians as having potential inappropriate billings at March 31, 2017 that may have warranted investigation by the Committee. The Ministry paid these physicians $11.1 million in 2015-16.

For the 10-month period of April 1, 2016 to January 31, 2017, the Ministry referred seven cases (2015-16: nine cases) to the Committee. From 1998 to January 2017, the Ministry referred 202 physicians to the Committee.[17] Over the same period, the Ministry referred 34 different physicians to the Committee multiple times.

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[17] Per information provided by the Ministry.

From 1998 to January 2017, the Committee has ordered the recovery of $8.6 million from physicians.[18] The Committee has ordered individual physicians to repay, on average, about $150,000.

**Figure 8** shows total amounts that the Committee ordered physicians to repay has fluctuated significantly in the past three years. For the 10-month period between April 1, 2016 and January 31, 2017, the amount of annual recoveries ordered is less than 1%[19] of the total fee-for-service payments for this period.

**Figure 8—Amount of Recoveries Ordered by the Joint Medical Professional Review Committee for 2013-14 to 2016-17**

| Year that Committee Ordered Recovery | Amount of Recovery Ordered (in thousands) |
|---|---|
| 2013-14 | $ 674 |
| 2014-15 | $ 310 |
| 2015-16 | $ 661 |
| 10-month period from April 1, 2016 to January 31, 2017 | $ 1,230 |

Source: Adapted from information provided by the Ministry of Health.

The small volume of cases the Committee reviews each year as compared to the larger number of instances of potentially inappropriate billings suggests the current process does not sufficiently reinforce the importance of physicians fulfilling their obligations under the Insurance Act to maintain proper records and submit accurate fee-for-service billings.

In addition, by the Ministry having to limit the number of cases referred to the Committee due to the frequency that the Committee meets, may result in the Ministry not recovering inappropriate payments, and increasing the cost of delivery of health services to the Ministry.

### Ministry's Capacity to Review Physician Billings Post-Payment Limited

The Ministry investigates individual billings it thinks it has inappropriately paid to physicians under the fee-for-services billing arrangement. To recover these over payments, the physician must agree that they billed inappropriately (either mistakenly or deliberately).

The Ministry had a full-time Audit Officer from August 2014 to May 2016. During this period, the Audit Officer reviewed billing patterns of physicians who were previously investigated by the Committee and were required to repay inappropriate billings. The Audit Officer also identified almost $700,000 in potentially inappropriate billings by examining 16 risker service codes and combinations of services codes. Physicians agreed to repay these amounts in some cases.

Since May 2016, another staff member has continued to perform some, but not all, procedures on these 16 riskier service codes and combination of services codes. Since, May 2016, the Ministry has not separately tracked the potential inappropriate billings it identified.

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[18] Per information provided by the Ministry.

[19] $1.23 million recovered compared to $526.1 million paid under the fee-for-service arrangement.

To conduct more investigations into physician billing practices that it suspects have been inappropriately billed, the Ministry of Health has several options. For example, the Ministry could negotiate additional investigations with the Joint Medical Professional Review Committee. Alternatively, the Ministry could increase its post-payment reviews of individual billings to supplement the Committee's reviews. In addition, the Ministry could request updates to *The Saskatchewan Medical Care Insurance Act* to allow the Ministry to investigate billing patterns like the Committee and order physicians to repay inappropriate fee-for-service payments.

By having more ways to investigate physician billing practices, the Ministry may identify and recover more inappropriate billings. In addition, this would reinforce with physicians the importance of having appropriate fee-for-service billing practices.

4. **We recommend that the Ministry of Health assess options to conduct more investigations into physician billing practices that it suspects of having inappropriately billed the Government.**

## 4.5 Ordered Recoveries Collected

The Ministry collects inappropriate payments from physicians as ordered by the Committee.

When the Committee decides a physician's billing practices have been inappropriate, it determines the amount to be repaid by reviewing the physician's billings over a 15-month period. The Committee issues a repayment order to that physician for a specified amount, which becomes a debt owing to the Minister.

Upon issuance of this final order, the physician has 30 days to agree to a payment plan with the Ministry. Physicians have the option to make a one-time payment, or make bi-weekly payments to the Ministry. Typically under payment plans, the Ministry recovers the agreed upon amount through the physicians bi-weekly billings over the course of two to three years. Physicians pay interest on outstanding balances.

The physician can appeal the amount ordered, which delays repayment to the Minister until the results of the appeal are determined.

**Figure 9** shows the amounts of fee-for-service recoveries that the Ministry collected over the past three years.

**Figure 9—Collections for Joint Medical Professional Review Committee Ordered Amounts From 2013-14 to 2016-17**

| Year | Amount of Recovery Collected (in thousands) |
|---|---|
| 2013-14 | $ 396 |
| 2014-15 | $ 509 |
| 2015-16 | $ 485 |
| Ten-month period from April 1, 2016 to January 31, 2017 | $ 495 |

Source: Adapted from information provided by the Ministry of Health.

For all Joint Medical Professional Review Committee orders we tested, the Ministry appropriately collected from the physicians the amount ordered by the Committee including interest due.

In 2016-17, the Ministry had not collected outstanding payments totaling $73,200 from three physicians ordered to repay fee-for-service billings. The Ministry indicated that it plans to follow its standard Ministry collection process and send the outstanding balances to a collection agency.

## 5.0 SELECTED REFERENCES

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Auditor General of Ontario. (2016). *Annual Report 2016, Chapter 3.11, Ministry of Health and Long-Term Care: Physician Billing*. Toronto: Author.

Auditor General of Prince Edward Island. (2008). *Report of the Auditor General Report to the Legislative Assembly 2008, Chapter 4, In-Province Physician Payments*. Charlottetown: Author.

# Chapter 7
# Highways and Infrastructure—Enforcing Vehicle Weight and Dimension Requirements

## 1.0 MAIN POINTS

Saskatchewan's economy relies on moving oil, agricultural, and mined mineral resources to market. A shift from rail transportation to highway transportation has increased large commercial vehicle traffic on provincial highways. Vehicles that exceed weight regulations cause increased damage to pavement and bridges. This increased usage and damage increases maintenance costs.

The Ministry of Highways and Infrastructure estimates it spends at least $10 million every year to repair damage caused by overweight vehicles. In addition, vehicles that exceed dimension requirements may increase risks to public safety in that they can obstruct traffic or hit overhead infrastructure.

The Ministry is responsible for enforcing vehicle weight and dimension laws on provincial highways. The processes that the Ministry used to enforce weight and dimensions laws for the 12-month period ended August 31, 2016, were not effective. The Ministry needs to:

- Rationalize, in writing, vehicle enforcement activity expectations based on a risk assessment to confirm planned enforcement activities are sufficient
- Complete vehicle enforcement activities as planned
- Evaluate the results of joint-enforcement activities
- Complete and document investigations consistent with its established processes
- Periodically evaluate and report to senior management on the effectiveness of vehicle enforcement activities

## 2.0 INTRODUCTION

Under *The Highways and Transportation Act, 1997* (Act), the Ministry is responsible for ensuring transport law is followed within Saskatchewan.[1] As part of that overall responsibility, the Ministry has made its Commercial Vehicle Enforcement (CVE) Branch responsible for the enforcement of commercial vehicle weight and dimension regulations on provincial highways.[2] In 2015-16, the CVE Branch spent about $5 million enforcing commercial vehicle regulations, including weight and dimensions.

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[1] *The Highways and Transportation Act, 1997*, section 3(2)(d).

[2] *The Highways and Transportation Act, 1997*, section 2(p), defines a provincial highway as a public highway or a proposed public highway that is the subject of a departmental plan or is prescribed as a provincial highway, and includes a weighing and inspection facility.

## 2.1 Vehicle Weight and Dimension Requirements Set in Legislation

Restricting vehicle weight and dimensions is one way the Ministry promotes public safety on provincial highways and protects their quality. The Act gives the Ministry the authority to restrict gross weight or the dimension of vehicles travelling on provincial highways or prohibit their operation.[3] *The Vehicle Weight and Dimension Regulations, 2010* (Regulations) set out allowable weights and dimensions vehicles must follow when travelling on provincial highways.

- Allowable weights are based primarily on maximum gross vehicle weight.[4]

  The Ministry varies the maximum allowable weights based on its classification of the provincial highway. Provincial highway classification reflects the type of the provincial highway (e.g., pavement, thin membrane) and degree of service it is designed to provide (e.g., primary, secondary). To maximize the economic movement of goods and minimize the damage to road structures, the Ministry assigns special weights to some provincial highways.[5]

  Maximum allowable gross vehicle weight is dependent on a vehicle's maximum registered gross vehicle weight (e.g., 24,300 kilograms for a truck with 3 axles, 48,300 kilograms for truck and trailer with 6 axles), tire size and axle spacing combined with the provincial highway classification.

- Allowable dimensions for vehicles set specific maximum widths (e.g., 2.6 metres), heights, and lengths for vehicles travelling on provincial highways.

In addition, cities and municipalities have authority to set their own allowable weights and dimensions for vehicles travelling on their streets and roads (e.g., municipal bylaws, road bans). They use law enforcement agencies (such as the RCMP and municipal policing services [e.g., the Regina Police Service]) to enforce these municipal bylaws. These agencies may have officers assigned, trained, or equipped to conduct enforcement of weight or dimension requirements.

## 2.2 Risks Associated with Over-Dimension and Overweight Vehicles

Saskatchewan's provincial highway network is the largest in Canada on a per capita basis, consisting of over 26,175 kilometres of provincial highways.[6] Saskatchewan's economy includes significant bulk-commodity exports of agriculture, livestock, oil, and mined mineral resources.

From 2010 to 2014, a shift from rail transportation to highway transportation increased large vehicle traffic on provincial highways.[7] **Figure 1** shows the increase in number of large vehicles (e.g., truck tractors, trailers) registered in Saskatchewan from 2010 to 2014.

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[3] *The Highways and Transportation Act, 1997*, section 35.1.

[4] Gross vehicle weight means the combined weight of a vehicle and the load carried on that vehicle, or the combined weight of two or more vehicles coupled together and the combined weight of the loads carried.

[5] www.highways.gov.sk.ca/special-weights/ (7 July 2016).

[6] The Ministry of Highways and Infrastructure, *2015-16 Annual Report*, p. 3.

[7] http://conf.tac-atc.ca/english/annualconference/tac2011/docs/p1/podborochynski.pdf (27 September 2016).

More large vehicles increases the risk of overweight or over-dimension vehicles travelling on provincial highways.[8]

**Figure 1—Increase in Large Vehicles Registered in Saskatchewan from 2010 to 2014**

| Type of Vehicle | Number of Registered Vehicles 2010 | Number of Registered Vehicles 2014 | Percentage Increase (Decrease) |
|---|---|---|---|
| Vans (light & heavy, commercial & private) | 78,985 | 66,104 | (16.3)% |
| Commercial & farm straight trucks | 117,797 | 127,510 | 8.2 |
| Truck tractors (semi power units) | 19,453 | 26,385 | 35.6 |
| Trailers (commercial, private, farm) | 177,927 | 212,929 | 19.7 |

Source: SGI, *2014 TAIS Annual Report*, p. 46. www.sgi.sk.ca/about/publications/collisionstats/2014.html (16 December 2016). 2014 was the most recent information available at December 2016.

Overweight vehicles can damage both pavement and bridges. Overweight vehicles can cause rutting,[9] potholes, and other distresses to the pavement and bridges. Increased damage to provincial highways increases the frequency in which they need repairs. In addition, overweight vehicles pose safety risks to the driving public. Overweight vehicles may have increased stopping distances and decreased handling capabilities, increasing their risk of being involved in collisions.

Over-dimension vehicles also have increased the risk of collisions as:

- Wider loads may obstruct driver views, take up more than one lane, or obstruct signals (e.g., turning and brake lights)
- Tall loads are more likely to tip over, fall off the trailer (e.g., bales falling off onto nearby vehicles), or hit overhead infrastructure (e.g., bridges, power lines)
- Long loads need more room to turn than normal-length loads

While vehicle weight and dimension as the cause of collisions are not tracked; statistics show large vehicles, when in a collision, are more often involved in fatal collisions. For example, in 2014, large vehicles were involved in 3% of Saskatchewan's total collisions and 11% of total fatal collisions.[10]

The Ministry estimates it spends at least $10 million each year to repair damage caused by overweight vehicles to provincial highways. In 2015-16, the Ministry spent a total of $140.9 million on provincial highway repairs.

Effective enforcement of vehicle weight and dimension requirements reduces traffic safety risks and costly damage to the provincial highway system.

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[8] Overweight and over-dimension vehicles are vehicles that exceed weight and dimension regulations and any permits obtained.
[9] Rutting is surface distortions in the wheel paths caused by either wear or heavy loads, or a combination of the two.
[10] SGI, *2014 Traffic Accident Information System Annual Report*, p. 42.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether the Ministry of Highways and Infrastructure had effective processes, for the 12-month period ended August 31, 2016, to enforce vehicle weight and dimension requirements on provincial highways.

We did not examine the appropriateness of Saskatchewan legislation related to vehicle weight and dimensions.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used criteria based on our related work, reviews of literature reports of other auditors, and consultations with management. The Ministry's management agreed with the criteria (see **Figure 2**).

We examined the Ministry's related policies and procedures, interviewed Ministry staff responsible for enforcement, and reviewed related documentation. We sampled investigations, fines issued to vehicle operators, the Ministry's approval of permits to exceed vehicle weight and dimension regulations, and enforcement activities. We worked with the Ministry to preserve the confidentiality of vehicle operator information.

**Figure 2—Audit Criteria**

Processes to:

1. **Promote compliance**
    - 1.1 Educate commercial vehicle owners and operators on vehicle weight and dimension regulations and consequences of non-compliance with regulations
    - 1.2 Co-ordinate compliance activities with other enforcement agencies (e.g., RCMP, municipal police forces)
2. **Establish enforcement requirements**
    - 2.1 Set risk-based priorities in enforcement plan (e.g., risk of non-compliance, required resources, enforcement strategies, performance measures)
    - 2.2 Set enforcement guidelines for staff
    - 2.3 Establish criteria to grant exceptions (permits, Minister's Orders, agreements)
3. **Enforce compliance**
    - 3.1 Identify non-compliance through completion of enforcement activities
    - 3.2 Investigate complaints received
    - 3.3 Monitor granted exceptions
    - 3.4 Report on effectiveness of enforcement activities
4. **Address and report non-compliance**
    - 4.1 Require prompt action on non-compliance and serious risks
    - 4.2 Escalate action on continued non-compliance
    - 4.3 Report non-compliance information and serious risks to commercial vehicle owners and operators, senior management, and the public

**We concluded the Ministry of Highways and Infrastructure's processes, for the 12-month period ended August 31, 2016, were not effective in enforcing vehicle weight and dimension requirements on provincial highways.**

**The Ministry of Highways and Infrastructure needs to:**

- **Rationalize, in writing, its vehicle enforcement activity expectations based on a risk assessment to confirm planned enforcement activities are sufficient**
- **Complete vehicle enforcement activities as planned**

- **Evaluate results of joint-enforcement activities, and complete and document investigations consistent with its established processes**
- **Periodically evaluate and report to senior management on the effectiveness of vehicle enforcement activities**

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out the criteria (expectations) in italics, and describe our key findings along with related recommendations.

## 4.1 Ministry Promotes Compliance with Weight and Dimension Requirements

*We expected the Ministry would educate vehicle owners and operators on vehicle weight and dimension regulations including penalties for non-compliance.*

### 4.1.1 Vehicle Operators Educated on Weight and Dimension Requirements

The Ministry works closely with Saskatchewan Government Insurance (SGI) to educate vehicle owners and operators because SGI administers the Saskatchewan Auto Fund (Fund). The Fund is the province's required auto insurance program. This program includes driver licensing and vehicle registration.

Each year, the Ministry and SGI together publish the *Saskatchewan Truckers' Guide* (Guide). They make the Guide available at licence issuers, weigh scale stations, and on the Ministry's website. As **Figure 3** shows the Guide summarizes key information about trucking in Saskatchewan into a single document.

**Figure 3—Content of Saskatchewan Truckers' Guide 2016[A]**

1 National Safety Code (NSC)
2 Certificate of Safety Fitness
3 Carrier Profile
4 Compliance Review Program (CRP)
5 Conditions of Carriage/Bills of Lading
6 Facility Audits
7 Record-Keeping Requirements
8 Licensing
9 International Registration Plan (IRP)
10 Inter-jurisdictional Operation
11 Commercial Periodic Medical Reporting
12 Drug and Alcohol Testing (Travelling to the U.S.)
13 Allowed Uses of Commercial Vehicles
14 Insurance Requirements
15 Periodic Motor Vehicle Inspection (PMVI) Program
**16 Permits**
17 Federal Hours of Service
18 Provincial Hours of Service
19 Trip Inspection
**20 Commercial Vehicle Safety Alliance (CVSA) Inspections**
21 Load Security

[A] **Bolded items** directly relate to requirements for vehicle weights and dimensions.

22 Dangerous Goods
23 TDG Guidelines for Training Criteria
**24 Weigh Scales and Enforcement**
**25 Gross Weight Chart**
**26 Saskatchewan Vehicle Weights and Dimensions**
**27 Permit Condition Guidelines for Provincial Highways**
28 Provincial Sales Tax
29 Fuel Tax
30 Contacts
**Weights Map Fold-out**
**Dimension Reference Chart Fold-out**

Source: www.highways.gov.sk.ca/adx/aspx/adxGetMedia.aspx?DocID=1511,140,1,Documents&MediaID=9516&Filename=Website+Version+of+2016+Truckers'+Guide.pdf (16 December 2016).
^ **Bolded items** directly relate to requirements for vehicle weights and dimensions.

For vehicle weights and dimensions, the 2016 Guide:

- Explains vehicle inspections
- Sets out weigh scale station requirements (e.g., it is an offence to not report to a weigh scale station when signalled to do so) and enforcement activities (e.g., issuance of fines)
- Refers to the Act and Regulations that set out fine amounts (e.g., $10 for each 50 kilograms of excess weight if the excess weight is less than 1,000 kilograms)
- Specifies allowable vehicle weights and dimensions (e.g., maximum vehicle weights for different truck types)
- Identifies permits required to transport loads exceeding weight and dimension limits and processes to obtain them
- Explains and shows weight limits by provincial highway

Also, through its website, the Ministry makes other useful information publicly available to vehicle operators. For example, its publicly available *Weights and Dimension Administration Manual* helps vehicle operators to determine whether their vehicle meets weight and dimension requirements;[11] a current map shows weigh scale station locations.[12]

Ministry Highway Transport Patrol Officers (Highway Officers) and transport investigators provide presentations to transportation industry stakeholders (e.g., commercial trucking companies) upon request. For example, between September 2015 and August 2016, one member of the CVE branch made 25 presentations to stakeholders. While often not the primary focus, these presentations discuss Saskatchewan's vehicle weight and dimension requirements.

## 4.2 Criteria Established to Grant Exceptions to Vehicle Weights and Dimensions Requirements

*We expected the Ministry to establish criteria for granting permits for exceptions to allowable vehicle weights and dimensions requirements.*

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[11] www.sgi.sk.ca/businesses/commercialcarriers/standards/weightsdimensions.html (16 December 2016).
[12] http://highways.gov.sk.ca/adx/aspx/adxGetMedia.aspx?DocID=610,149,1,Documents&MediaID=10055&Filename=Weight+Class+Map+June+10%2c+2016.pdf (16 December 2016).

The Act states that no person, without a permit, shall operate a vehicle on provincial highways that exceeds the Regulations.[13] Vehicle operators can obtain permits for excessive vehicle height, width, length, or weight (weight and dimension permits).

The Ministry is responsible for weight and dimension permits; it has delegated the administration of issuing permits to SGI.[14] SGI, through its permit office, receives permit applications, issues approved permits, and keeps a record of approved permits using a computer system. These include weight and dimension permits.

From September 1, 2015 to August 31, 2016, SGI issued over 6,500 annual weight and dimension permits (i.e., about one-half were weight, and one-half were dimension permits). This included both permits that were approved by SGI and permits that were approved by the Ministry. In 2015-16, the Ministry and SGI collected a combined total of about $1 million from issued permit fees to allow overweight or over-dimension vehicles to operate on provincial highways.

The Ministry established criteria for permits and documents them in its *Weights and Dimensions Administration Manual*. It keeps its criteria and Manual current. For example, in 2015, the Ministry changed its requirements for moving buildings, and hauling bales. It updated its Manual accordingly. It shares this Manual electronically with SGI.

This Manual sets out what permits can be issued, who can approve them and when. For example, under the Ministry's delegation of authority, SGI can approve permits for vehicles with a gross vehicle weight of less than 400,000 kilograms; the Manual requires the Ministry to review all permit requests above that limit.[15]

We found the Ministry did not have a process to verify that SGI administered permits consistent with its requirements. For example, the Ministry did not know if SGI updated its permit computer system to reflect its 2015 changes.

To determine whether SGI administered weight and dimension permits consistent with the Ministry's requirements, we tested a sample of permits the Ministry approved. We found the Ministry reviewed and approved these permits in accordance with the Manual.

In addition, the Ministry enters into agreements with operators of large vehicles with a business need to routinely haul overweight and/or over-dimension loads (e.g., hauling ore from a mine to a processing facility). Under these agreements, it allows these operators to haul overweight and/or over-dimension loads over specified routes. In return, these operators agree to compensate the Ministry in part for damage they cause. In 2015-16, the Minister charged these operators $1.5 million and spent $0.7 million on related provincial highway projects.

It is not feasible for the Ministry to determine the damage overweight and over-dimension vehicles cause because of wear and tear of routine traffic. Consequently, the Ministry does not attempt to set fees for weight and dimension permits or levies from operators of large vehicles at amounts equivalent to the cost of repairs.

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[13] *The Highway and Transportation Act, 1997*, section 36.
[14] www.highways.gov.sk.ca/trucking-permits/ (7 July 2016).
[15] The Ministry is also required to approve permits for vehicles with a gross vehicle weight greater than 70,000 kilograms that will be travelling over bridges.

## 4.3 Enforcement Guidelines Exist

*We expected the Ministry to have detailed enforcement guidelines for staff to follow. Also, the Ministry would provide training to new staff related to vehicle weight and dimensions.*

The Ministry has authority to enforce federal, provincial, and municipal regulations related to transportation and licensing on provincial highways. The Ministry, through its CVE Branch, administers and enforces weight and dimension regulations along with its other transportation enforcement activities (for example, a vehicle inspection would check various requirements like vehicle and operator safety, dangerous goods, weights, and dimensions as applicable).[16]

At October 2016, the CVE Branch operated two regions—North and South. It equipped its regions with 32 Highway Officers, 7 transport investigators, 10 weigh scale stations, and 3 remote vehicle inspection stations.[17] See **Figure 4** for details.

**Figure 4—Highway Officers and Weigh Scale Stations in Saskatchewan at October 2016**

| Location / Detachment | Region | Number of Highway Officers | Number of Transport Investigators | Number of Weigh Scale Stations |
|---|---|---|---|---|
| Regina | South | 2 | 1 | 1 |
| Moose Jaw | South | 2 | 0 | 0 |
| Estevan | South | 2 | 0 | 1 |
| Moosomin | South | 3 | 0 | 1 |
| Swift Current | South | 3 | 0 | 1 |
| Yorkton | South | 4 | 1 | 1 |
| Wynyard | South | 1 | 1 | 0 |
| Melfort | North | 3 | 1 | 1 |
| Hudson Bay | North | 1 | 0 | 0 |
| Prince Albert | North | 3 | 0 | 0 |
| Meadow Lake | North | 2 | 1 | 0 |
| Saskatoon | North | 2 | 1 | 1 (Langham) |
| Clavet | North | 2 | 0 | 1 |
| Lloydminster | North | 1 | 1 | 1 |
| Kindersley | North | 1 | 0 | 1 |
| **Total** | | **32** | **7** | **10** |

Source: Ministry of Highways and Infrastructure maps and records.

Highway Officers are the primary law enforcement members responsible for enforcing transport regulations for commercial vehicles, including those for weights and dimensions, on provincial highways. Highway Officers:

- Patrol provincial highways in their assigned region looking for all types of violations including weight and dimension violations. To patrol provincial highways, they operate specially-equipped vehicles that include portable scales to weigh trucks on the roadside

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[16] http://highways.gov.sk.ca/cve/ (24 November 2016).

[17] Remote Vehicle Inspection stations are unmanned scales/cameras that weigh and photograph trucks as they pass through. The information gathered by these stations is mainly used in investigations. This information is not used to issue fines.

- Inspect vehicles to identify potential violations including whether vehicle operators possess appropriate permits
- Operate weigh scale stations in their assigned region; these are situated on provincial highways throughout the province
- Lead or participate in enforcement activities with others (joint-enforcement activities)
- Attend court for charges laid or fines issued

Transport investigators are responsible for investigating complaints received from the public, members of the trucking industry, or from Highway Officers. The Ministry had clear policies and procedures for its transport investigators to follow (i.e., the *Transport Investigation Guide*). The Investigation Guide requires transport investigators to document investigative steps completed (e.g., photos of the materials/equipment hauled). In addition, the Investigation Guide requires transport investigators to complete investigations within six months from receipt of complaint. Provincial legislation requires the Ministry to lay a charge within that timeframe.[18]

In addition, the Minister of Justice has appointed both Highway Officers and transport investigators as special constables under *The Police Act, 1990*. This makes them peace officers and gives them policing responsibilities under that Act.

The CVE Branch maintains a *Transport Compliance Policy and Procedures Manual.* It makes this manual readily available to all Highway Officers and transport investigators. The Ministry requires Highway Officers to focus on enforcing regulations for commercial vehicles[19] on provincial highways.[20]

This manual sets out expectations and provides guidance for all enforcement activities including those related to weight and dimension. For example, it provides standard operating procedures to verify vehicle operator permits, to weigh vehicles, and for issuing fines.

If the Ministry changes the Manual, it requires all Highway Officers and transport investigators to read the changes and sign a declaration indicating they have done so.

The Ministry requires all new Highway Officers (recruits) to complete a specialized training program. The program includes two weeks dedicated to weight and dimensions—one week in the classroom reviewing the manual and one week of practical experience with experienced Highway Officers. Recruits must write and pass an exam that includes a portion dedicated to weight and dimension before graduation to being a Highways Officer.

As Ministry policy requires, we found the CVE branch had each weigh scale station scale certified annually.

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[18] *The Summary Offences Procedure Act, 1990*, s. 4(3).

[19] Per *The Security of Loads Regulations, 2013*, commercial vehicle means a vehicle that is used to transport goods; and is a truck, truck tractor, or trailer, or combination of them, that has a registered gross weight of more than 5,000 kilograms.

[20] Ministry of Highways and Infrastructure, *Transport Compliance Policy and Procedures Manual – Enforcement Protocol Mandate* (section 101-1).

## 4.4 Rationale for Annual Enforcement Activities Needed

*We expected the Ministry would periodically assess risks of vehicle owners and operators not complying with provincial vehicle weight and dimension regulations. We expected the Ministry would use these risks to develop a risk-based enforcement plan that would guide the nature and extent of each year's enforcement activities.*

The Ministry did not formally assess the risks of vehicle operators not complying with weight and dimension requirements or not providing effective enforcement. In addition, it could not show whether it carried out sufficient enforcement.

We found documentation of the risks associated with weight and dimension was limited but implicit in some of the Ministry's documents. For example, the Ministry's *Transport Investigation Guide* indicated inspectors should give priority to investigations that may jeopardize the safety of the public.

Each year, the CVE Branch developed an annual work plan to document the Ministry's expectations for the upcoming year. The content of the work plan was generally consistent from year-to-year. For the first time, the 2015-16 work plan included provincial objectives for key enforcement activities.

The 2015-16 work plan set out:

- Key enforcement responsibilities of certain CVE Branch positions (e.g., regional managers, Highway Officers)
- General enforcement activities to complete in the upcoming year (e.g., operate weigh scale stations, patrol provincial highways, carry out inspections)
- Guidance to help prepare Highway Officer schedules. For example, Highway Officer supervisors were to direct officer resources within detachments based on current commercial vehicle traffic patterns. Regional managers and Highway Officer supervisors should identify seasonal priority activities (e.g., spring weight restrictions). Highway Officer work schedules should address activity in problem areas of detachments as much as possible based on history
- Provincial objectives (targets) for key enforcement activities. The provincial objectives provided annual targets for staff enforcement activities. For example, it expected each weigh scale station to operate three shifts per week—22.5 hours per week. It expected each Highway Officer to complete 520 vehicle inspections per year[21]

The annual work plan shows the Ministry considered not only the nature of enforcement activities to undertake in the upcoming year, but its inclusion of provincial objectives shows it considered the extent of these activities. However, the Ministry did not have adequate rationale to support how it determined these objectives.

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[21] The Ministry follows the Commercial Vehicle Safety Alliance (CVSA) guidelines for inspections. Under these guidelines there are varying levels of inspections. For example, a level 1 inspection is the most robust inspection. The provincial objective of 520 inspections included all inspection levels.

Furthermore, neither the work plan nor other documents showed how the Ministry planned to manage the following known risks or changes.

- First, they did not include a known risk of not detecting overweight, over-dimension, or unsafe commercial trucks avoiding operating (open) weigh scale stations. By law, all commercial vehicles greater than 10,000 kilograms are required to drive through the weigh scale station for assessment when stations are operating.

  Highway Officers advised us that commercial truck operators may advise other truck operators travelling on the same route that the weigh scale station is open. They noted these operators may use alternate routes (e.g., municipal grid roads) to avoid the weigh scale station to avoid being weighed or assessed. They further noted additional Highway Officers are not readily available when the weigh scale station is open to help RCMP or municipal policing services patrol alternate routes typically used.

  To determine whether trucks avoided open weigh scale stations, on a selected day in September 2016, we observed truck traffic on a municipal grid road identified as commonly used as an alternate route. We recorded the number of trucks using the grid road for one hour before and after the nearby weigh scale station was open. We found truck traffic on the grid road increased by 50% after the weigh scale station opened. This supported staff's concern that commercial truck operators may intentionally avoid open weigh scale stations.

- The impact of the Regina Bypass route on weight enforcement activities.

  The Ministry identified in its 2013 West Regina Bypass[22] Functional Study that the route of the Regina Bypass would not go through two of its weigh scale stations—a station located west of Regina on Highway 1, and another located northwest of Regina on Highway 11. This would make these stations ineffective. In 2012, the Ministry removed the Highway 1 station to allow for construction of new interchanges.

  The 2015-16 work plan did not identify changes in enforcement activities to compensate for closure of the Highway 1 weigh scale station.

  Also, at December 2016, the Ministry had not yet decided how best to enforce vehicle weight and dimension regulations once the Regina Bypass was complete (e.g., build new weigh scale stations). It was aware the Bypass was scheduled to be constructed by October 2019. At December 2016, the Ministry did not know when it expected to finalize alternate weight enforcement plans.[23, 24]

In addition, neither the 2015-16 work plan nor other documents indicated how many, where, or when joint-enforcement operations should occur in the upcoming year. Also, we found it had not formalized its internal best practice of a 60% to 40% split between provincial highway patrol enforcement activities and operating weigh scale station enforcement activities. Both north and south regions confirmed that they assign Highway Officers using this split as a guideline.

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[22] The Regina Bypass is a significant project to build new provincial highway and interchanges to reduce traffic congestion, and improve traffic safety in and around Regina. The Regina Bypass will route heavy traffic around Regina, and provide efficient access to the Global Transportation Hub.

[23] Regina Bypass project schedule available at www.reginabypass.ca/project/project-schedule (15 December 2016).

[24] www.cbc.ca/news/canada/saskatchewan/regina-bypass-project-40-per-cent-complete-1.3895253 (15 December 2016).

As a result, we found that it was unclear whether the enforcement activities expected in the annual work plan and manuals focused enforcement activities on the riskiest areas, and whether they were sufficient to reduce the risk of commercial vehicles not following weight and dimension regulations to an acceptable level.

Without appropriate rationale for enforcement activity expectations, the Ministry is unable to demonstrate the expected level of activity is the right level of activity to create an enforcement presence to respond to risks. Also, rationale is needed to support resources required by the CVE branch and to ensure that Ministry expectations are attainable.

1. **We recommend that the Ministry of Highways and Infrastructure rationalize, in writing, the nature and extent of its annual vehicle weight and dimension enforcement activities based on assessed risks.**

## 4.5 Enforcement Activity Targets Not Always Met

*We expected the Ministry would carry out enforcement activities consistent with a risk-based enforcement plan (including those activities carried out with partner agencies [RCMP, municipal policing services]). The Ministry would track and record the results of enforcement activity. In addition, management would supervise enforcement staff to determine whether they followed enforcement guidelines.*

### 4.5.1 Extent of Enforcement Activities Lower than Planned

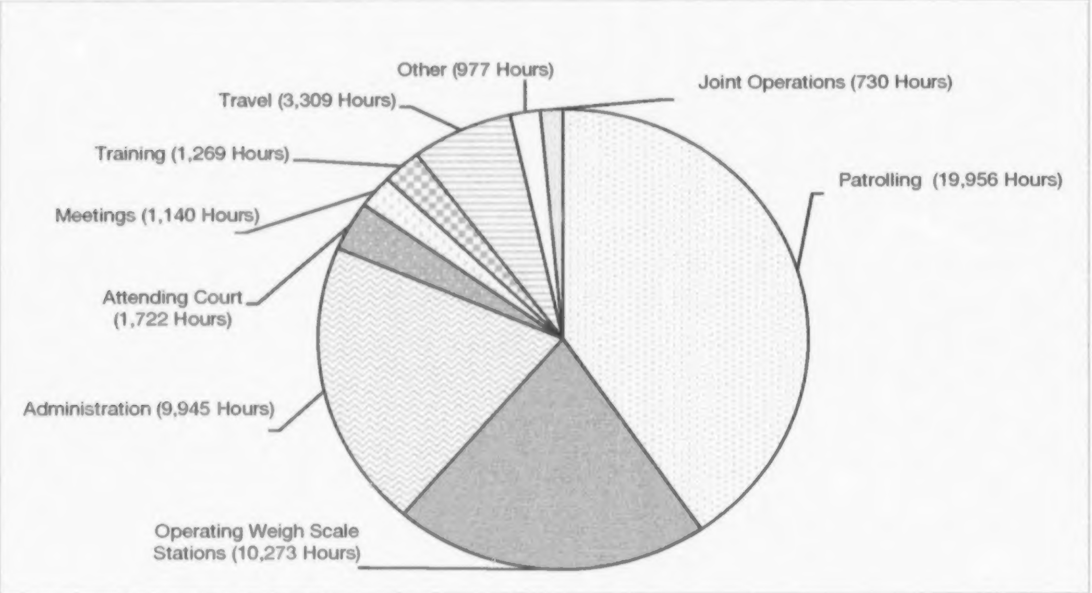
The Ministry did not carry out its enforcement activities consistent with its expectations (e.g., annual work plan or informal best practice). It did not use its work plan to guide the extent of its enforcement activities.

Management (i.e., regional managers and supervisors) are responsible for assigning work to and supervising Highway Officers' and transport investigators' enforcement activities. While all four supervisors we asked were aware of the requirements in the work plan, each acknowledged they did not regularly use those requirements when preparing officer schedules or in monitoring their region's enforcement activities.

Management required Highway Officers and transport investigators to prepare work plans. These work plans set work goals for each Highway Officer and transport investigator. Management met with staff twice during the year to discuss the work plans. They used staff work plans as one method to monitor activity. We found this process was operating as expected.

The Ministry uses an IT system called Officer Activity Tracking System (OATS) to track day-to-day activities of Highway Officers. OATS tracks Highway Officer activity by 11 main categories (e.g., training, operating weigh scale stations, etc.), the number of inspections performed, and the number of fines issued. See **Figure 5** for the breakdown of these activities by type.

**Figure 5—Summary of Enforcement Activities Completed by CVE Branch from September 1, 2015 to August 31, 2016**



Source: Ministry's Officer Activity Tracking System.

Our testing found Highway Officers entered enforcement activity data into OATS within a reasonable timeframe (i.e., within one week).

Even though OATS had up-to-date data about enforcement activities, the Ministry's use of this data was limited. Management (i.e., regional managers and Highway Officer supervisors) indicated that they informally reviewed data (e.g., about weekly) and used regular meetings with Highway Officers to monitor activity. We found no evidence of these reviews.

The Branch staff did not prepare written summaries of completed enforcement activities, or comparisons of completed enforcement activities to work plan expectations. Rather the Director of the CVE Branch met with senior management each week to verbally discuss CVE Branch activities. The Ministry did not keep notes of these meetings.

When we analyzed the data in OATS, we found that the Ministry did not meet all of the provincial objectives set out in the CVE Branch 2015-16 work plan or its guideline of a 60% to 40% split of time between patrol and weigh scale station enforcement activities.

From September 1, 2015 to August 31, 2016:

- The Ministry's 10 weigh scale stations were open, in total, for 10,273 hours. This is below the 2015-16 work plan provincial objective of operating each weigh scale station at least three shifts per week—11,700 hours per year.[25]

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[25] Based on 10 weigh scale stations, this meant the Ministry expected weigh scale stations to be open for at least 11,700 hours.

- The CVE Branch spent 66% of its time patrolling provincial highways and 34% of its time operating weigh scale stations. It spent less time operating weigh scale stations than its informal best practice of 40%.

When we compared data in OATS to the provincial objectives set in the 2015-16 work plan, we found:

- One of five detachments we tested operated their weigh scale station, on average, 14 hours per week; less than the provincial objective of a minimum of 22.5 hours per week
- Three of six Highway Officers and supervisors we tested did between 22% and 50% less than the provincial objective of 520 inspections per year for Highway Officers and 400 inspections per year for supervisors
- Two of six Highway Officers we tested did less than the provincial objective of at least 25 Level 1 inspections per officer per quarter by only doing 16 and 17 Level 1 inspections[26] respectively for the quarters tested

Not carrying out the expected amount of enforcement activities increases the risk that the Ministry is not sufficiently enforcing legislation or maintaining a sufficient enforcement presence. Reduced enforcement increases the chances of vehicle operators choosing to operate vehicles that exceed provincial weight and dimension requirements. This in turn increases the risk to public safety and damage to provincial highways.

2. **We recommend that the Ministry of Highways and Infrastructure complete vehicle weight and dimension enforcement activities as planned.**

### 4.5.2 Results of Joint Operations Not Evaluated

Ministry staff did not consistently summarize the results of joint-enforcement operations consistent with Ministry expectations.

The Ministry's *Transport Compliance Policies and Procedures Manual – Joint Operations'* requires regional managers or their designate to compile and evaluate the results whenever they participate in a joint-enforcement operation (using a template form called a focused activity report) and submit these results to the director.

As shown in **Figure 5**, from September 2015 to August 2016, staff spent about 730 hours on joint operations—about 2% of their time. During this period, the Ministry participated in over 30 joint-enforcement events comprised of 12 larger joint operations and 20 blitzes. Blitzes are targeted, local enforcement activities that may include Highway Officers from other regions and/or other enforcement agencies (RCMP, municipal police, SGI vehicle inspectors).

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[26] A CVSA level 1 inspection is a detailed inspection of the driver's records (e.g., licence, medical, permits), vehicle (e.g., brakes, tires), and how the load is secured. http://cvsa.org/inspections/inspections/all-inspection-levels/ (20 December 2016).

The Ministry planned joint operations with either the RCMP or a municipal police service. This included four large annual joint operations. For example, the Ministry shared its plan for the 2016 Operation Roadcheck event with participants including SGI, RCMP, and Saskatoon Police Service.[27]

Management gave us a list of joint enforcement events in which the Ministry had participated over the past year. However, it did not have focused activity reports for most of the events on the list. It could not show us how it had evaluated the results of events as its Manual expected. For example, it had not determined whether a high number of overweight vehicles were detected in a particular area and decided whether it needs to reallocate resources accordingly.

Not consistently evaluating the results of joint-enforcement activities reduces the Ministry's ability to plan for and make informed decisions about the nature, extent, and location of its enforcement activities.

3. **We recommend that the Ministry of Highways and Infrastructure follow its established policy requiring Highway Officers to report the results of completed vehicle weight and dimension joint-enforcement activities.**

## 4.6 Fines Issued in Accordance with Legislation

*We expected that Highway Officers and transport investigators would take action in accordance with legislation on identified non-compliance with vehicle weight and dimension regulations. We expected escalated consequences would exist for commercial vehicle owners or operators that continually do not comply with transport regulations.*

From September 2015 to August 2016, Highway Officers issued about 1,250 fines totalling almost $1.3 million to vehicle operators assessed as not complying with weight and dimension requirements. Highways Officers use a Ministry-supplied spreadsheet template to calculate fines.

Our review of this template found that its calculations and fine amounts agreed to relevant legislation. For the fines we tested, each fine was issued consistent with related legislation and Ministry policy.

The Ministry leverages SGI's responsibilities under *The Traffic Safety Act* and *The Automobile Accident Insurance Act*. These Acts make SGI responsible for issuing driver's licences to those eligible (including commercial drivers). These Acts set actions (sanctions) SGI can take when drivers do not comply with traffic safety laws (e.g., suspend driver's licences or require drivers to take additional training).

The Ministry and other policing services report vehicles found not following vehicle weight and dimension regulations to SGI. SGI maintains commercial carrier records and commercial driver records. Commercial carriers and commercial drivers receive their commercial carrier records and commercial driver records from SGI.[28]

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[27] Operation Roadcheck is an annual three-day vehicle inspection event across North America where enforcement agencies conduct compliance, enforcement, and educational initiatives targeted at commercial vehicle and driver safety. http://cvsa.org/program/programs/international-roadcheck/ (25 November 2016).

Each commercial carrier record contains statistics related to vehicle weight and dimension violations, as well as information on the individual weight and dimension fines. The Ministry and SGI consider weight and dimension violations as non-critical under the inspection guidelines. Because they are non-critical, they do not impact commercial carrier safety ratings and do not impact insurance rates for commercial carriers.

Each commercial driver record contains statistics related to vehicle weight and dimension violations.[29] SGI's legislation requires commercial carriers to annually self-review their commercial drivers' records. Also, this legislation requires commercial drivers to report any convictions, including weight and dimension violations, to their employer.[30] Commercial carriers use this information to monitor their drivers and when hiring drivers.

## 4.7 Investigations Not Consistently Documented

*We expected that the Ministry would track complaints received related to weights and dimensions requirements. We expected the Ministry to investigate complaints in accordance with its guidelines.*

The Ministry tracks significant complaints related to weights and dimensions instead of all complaints received.

The Ministry received complaints in a variety of ways: calls or emails to weigh scale stations, Highway Officers or transport investigators, and the Ministry hotline. It forwards complaints to the transport investigator responsible for the related region. Transport investigators determine whether to investigate complaints.

The Ministry used a province-wide database to track all ongoing and completed CVE Branch investigations. The database included the date of complaint, the file number, the name of the accused, the category of the investigation, and the date the investigation was concluded. From September 2015 to August 2016, CVE staff completed 22 investigations.

For 10 investigations we tested:

- Two files did not document the investigative work done. Because of missing documentation, we were unable to determine if these investigations resulted in charges laid or fines issued.

- Two investigations were not completed within six months from receipt of the complaint (one was ongoing for more than nine months after receipt, the other was completed seven months after receipt [investigation resulted in a verbal warning]).

Not having properly documented investigations decreases the ability of supervisors to monitor the quality of work done and increases the risk that the complaint was not properly investigated. Furthermore, when investigations are not completed within the required six months, the Ministry cannot lay a charge (e.g., issue a fine) for the infraction committed, if any.

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[28] A commercial carrier is the holder of a certificate of registration for a commercial vehicle. A commercial driver is a licensed driver of a commercial vehicle.
[29] Our audit, reported in our *2016 Report - Volume 1* Chapter 15, of SGI's processes to confirm only qualified drivers remain licensed found that SGI's processes effectively tracked convictions on driver records.
[30] *The Commercial Vehicle and Drivers (Record-Keeping) Regulations*, sections 4 and 11.

4. **We recommend that the Ministry of Highways and Infrastructure follow its established transport investigation policies and procedures for completing investigations related to vehicle weights and dimensions.**

## 4.8 Determination of Effectiveness of Enforcement Activities Needed

*We expected the Ministry to periodically determine and report to senior management on the effectiveness of its enforcement activities including whether it completed enforcement activities as planned.*

As the Ministry did not formally assess the effectiveness of its enforcement activities or determine whether it completed them consistent with its 2015-16 work plan, it did not provide this information to senior management.

As discussed above, the OATS database contains useful up-to-date information on completed enforcement activities. We found the Ministry did not use this information to develop meaningful reporting for senior management.

Without such reports it is difficult for senior management to monitor the effectiveness of enforcement activities and to make decisions to adjust enforcement activities accordingly (e.g., increase or decrease enforcement resources, change enforcement strategies).

5. **We recommend that the Ministry of Highways and Infrastructure periodically report to senior management on the effectiveness of its activities for enforcing vehicle weight and dimension requirements, including a comparison of planned to actual activities.**

In addition, the Ministry does not give legislators or the public information on commercial vehicles found not following transport requirements. While this reporting is not generally accepted practice across Canada at this time, we found one Canadian jurisdiction (i.e., Manitoba) published pertinent statistics each year. It reported the number of vehicles with which enforcement officers had contact, permits granted, weights and dimensions fines issued, and fines for exceeding permits.[31] The Ministry could consider publishing similar information. Such information would provide legislators and the public with insight on the effectiveness of the Ministry's enforcement activities.

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[31] www.gov.mb.ca/mit/reports/annual/2015_2016_annual.pdf (14 November 2016).

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# Chapter 8
# Living Sky School Division No. 202—Engaging Grades 7 to 12 Students

## 1.0 MAIN POINTS

Saskatchewan's education sector set provincial targets associated with student engagement as measured by the *OurSCHOOL*[1] survey. The sector aims to have, by June 2018, 77% of students actively engaged in learning and have a positive sense of belonging.

Living Sky School Division No. 202 is responsible for educating approximately 5,700 students in the area surrounding North Battleford, Unity, and Spiritwood. Almost half of its students are in Grades 7 to 12.

Other than the following areas, Living Sky had effective processes to engage Grades 7 to 12 students. To improve student engagement, it needs to:

- Analyze current year *OurSCHOOL* survey results as compared to prior years—the past two years of survey results highlight areas of strength and those requiring additional attention (i.e., having a positive sense of belonging, positive relationships, positive homework behaviour, level of anxiety, level of depression)
- Obtain input of its Elders' Council on actual survey results specific to First Nations and Métis students to help them address the disparity in results between self-identified First Nations and Métis students and other students—almost one-third of its Grades 7 to 12 students are of First Nations and Métis ancestry

These steps will help the Division develop clear and timely action plans to improve student engagement, establish interim targets to help it move towards achieving the provincial target for student engagement, and focus its initiatives on areas critical to better engaging students.

Student engagement contributes positively to students' academic achievement and well-being. Student engagement tends to decline as students progress through middle and secondary school (i.e., Grades 7 to 12). Students that are not sufficiently engaged in school are at an increased risk of not graduating, which may negatively impact future employment opportunities for these students.

## 2.0 INTRODUCTION

Student engagement is the extent to which students identify with and value schooling outcomes, have a sense of belonging at school, participate in academic and non-academic activities, strive to meet formal requirements of schooling, and make a serious personal investment in learning.[2]

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[1] The *OurSCHOOL* survey was previously known as the *Tell Them From Me* survey.

[2] Willms, J. D., Friesen, S. & Milton, P., *What did you do in school today? Transforming classrooms through social, academic, and intellectual engagement*, (2009), p. 7.

The education sector recognizes that student engagement plays a key role in student success and achievement. *The Education Act, 1995* (Act) assigns boards of education (school boards) responsibility for administration and management of schools, with oversight from the Ministry of Education. The Act makes school boards responsible for exercising general supervision and control over the schools in their school division. In addition, it establishes the duties of students relating to student engagement, such as attending school regularly and being diligent in their studies.

## 2.1 Student Engagement—a Provincial Priority

The *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, released in 2012, includes the following two education-related goals:

- To lead the country in Grade 12 graduation rates by 2020
- To reduce the difference in graduation rates between Aboriginal and non-Aboriginal students by 50% by 2020[3]

The Education Sector Strategic Plan (ESSP) is a sector-wide plan for Pre-Kindergarten to Grade 12, which includes priorities that reflect a commitment to achieving the targets set out in the *Saskatchewan Plan for Growth*.[4] It includes the following two sector goals:

- Saskatchewan will achieve an 85% three-year graduation rate by June 30, 2020[5]
- To increase graduation rates among First Nations and Métis students from 35% to at least 65%[6]

Improving student engagement is key to achieving these ESSP sector goals. To help school divisions monitor student engagement, the Ministry makes available and expects Saskatchewan school divisions to annually administer a survey called the *OurSCHOOL* survey (survey).

School divisions separately administer this survey to students in Grades 4 to 6 (elementary) and in Grades 7 to 12 (middle/secondary). The survey is designed to collect information on students' sense of belonging, intellectual engagement, and positive relationships (i.e., measures of student engagement).[7] An external consultant contracted by the Ministry developed the survey and facilitates its use.

To increase graduation rates in the province, the ESSP identifies the following strategies:

- By June 2018, school divisions will achieve parity between First Nations and Métis students and non-First Nations and Métis students on the *OurSCHOOL* engagement measures[8]

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[3] Government of Saskatchewan, *Saskatchewan Plan for Growth: Vision 2020 and Beyond*, (2012). pp. 4–5.
[4] *Ministry of Education Plan for 2016-17*, p. 3.
[5] Students graduating within three years of entering Grade 10.
[6] *Ministry of Education Plan for 2016-17*, pp. 5-6.
[7] *Ministry of Education Annual Report for 2015-16*, pp. 12, 14.
[8] *Ministry of Education Plan for 2016-17*, p. 5.

- By June 2018, 77% of students participating in the *OurSCHOOL* survey will report that they are actively engaged in their learning and have a positive sense of belonging in their school community[9]

## 2.2 Student Engagement Contributes to Student Achievement

Student engagement contributes positively to students' academic achievement and well-being. It is measured using the following three dimensions:

- Social engagement: a sense of belonging and participation in school life
- Institutional engagement (also referred to as academic engagement): participation in the formal requirements of schooling
- Intellectual engagement: an emotional and cognitive investment in learning, using higher-order thinking skills (such as analysis and evaluation) to increase understanding, solve complex problems, or construct new knowledge[10]

Research shows that all three dimensions of student engagement markedly decline as students progress though middle and secondary school (see **Figure 1**).

**Figure 1—Percentage of Engaged Students, By Type of Engagement and Type of School**

| Type of School | Participation (Social Engagement) | Sense of Belonging (Social Engagement) | Attendance (Institutional Engagement) | Intellectual Engagement |
|---|---|---|---|---|
| Elementary[A] | 79% | 74% | 91% | 62% |
| Middle[B] | 73% | 70% | 81% | 44% |
| Middle-Secondary[C] | 69% | 66% | 63% | 35% |
| Secondary[D] | 61% | 71% | 58% | 30% |

Source: Willms, J. D., Friesen, S. & Milton, P., What did you do in school today? Transforming classrooms through social, academic, and intellectual engagement, (2009), p. 23.

[A] A school where the highest grade is 6 or lower.

[B] A school where the lowest grade is either 5, 6, or 7, and the highest is 7, 8, or 9.

[C] A school that includes a grade below 8 and a grade above 9.

[D] A school where the lowest grade is 8 or higher, and the highest grade is 10 or higher.

Disengaged students are at a higher risk of falling behind and may drop out of school.[11] Students that are not sufficiently engaged in school may not graduate, which in turn may negatively impact future employment opportunities for these students.

Students living in poverty, students with disabilities, and students from ethnic minorities and First Nations and Métis communities disproportionately experience disengagement from school. Disengagement has also been linked to school violence and social exclusion.[12]

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[9] Ibid., p. 6.

[10] Willms, J. D., Friesen, S. & Milton, P., *What did you do in school today? Transforming classrooms through social, academic, and intellectual engagement*, (2009), p. 7.

[11] http://blogs.edweek.org/edweek/inside-school-research/2013/07/pittsburgh--a_student_who_show.html (23 November 2016).

[12] Willms, J. D., Friesen, S. & Milton, P., *What did you do in school today? Transforming classrooms through social, academic, and intellectual engagement*, (2009), p. 7.

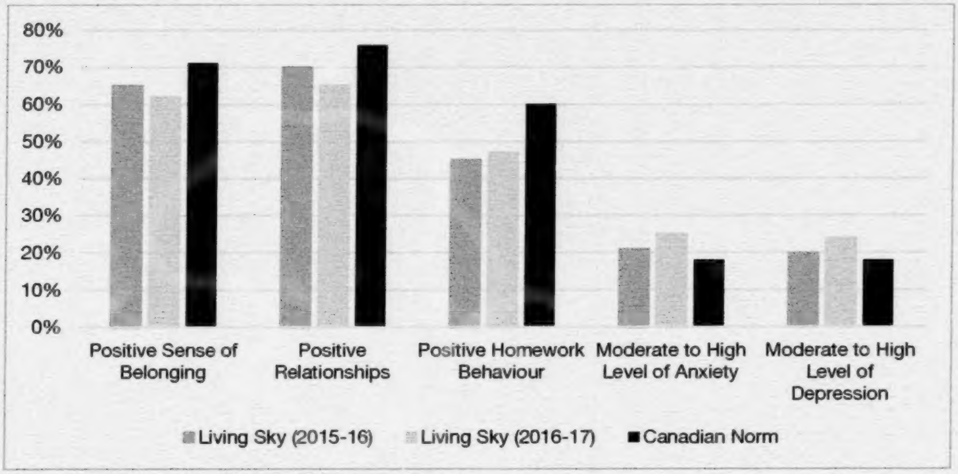
## 2.3 Student Engagement at Living Sky School Division

Living Sky is a primarily rural school division located in northwest Saskatchewan. The Division has approximately 5,700 students, and operates 24 schools in 14 communities.[13] It includes the communities of North Battleford, Unity, Spiritwood, and surrounding areas. At September 30, 2016, almost one-third of the Division's students had self-identified as First Nations and Métis.

Also, at September 2016, just under one-half of its students were in Grades 7 to 12 at 16 schools. At June 30, 2016, the Division's overall student graduation rate was 72%. Its First Nation and Métis student graduation rate was 32% for the same period.[14]

Living Sky identifies student engagement as an area of focus for student learning and achievement in its Operational Plan for 2015-16 to 2017-18. As illustrated in **Figure 2**, the Division's Grades 7 to 12 survey results over the past two years identified key areas where its students' engagement was worse than the Canadian norm (i.e., positive sense of belonging, positive relationships, positive homework behaviour, level of anxiety, level of depression).

**Figure 2—Living Sky's 2015-16 and 2016-17 OurSCHOOL Engagement Indicators for Grades 7 to 12 Worse than the Canadian Norm[A]**



Source: Adapted from Living Sky's OurSCHOOL survey results.

[A] The results for 2015-16 include data from surveys completed in fall 2015 and spring 2016, while the results for 2016-17 include data from the fall 2016 survey only.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of Living Sky's processes, for the 12-month period ended January 31, 2017, to engage Grades 7 to 12 students.

We examined Division and school documentation related to engaging students (e.g., plans, initiatives, reports), and relevant Ministry and sector-wide guidance. We interviewed staff at Living Sky's Division Office, as well as principals and teachers at five schools with students in Grades 7 to 12 (schools). We also tested a sample of student engagement initiatives in the Division.

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[13] Adapted from Living Sky School Division No. 202's annual reports for 2014-15 and 2015-16.

[14] Adapted from information provided by Living Sky.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Living Sky's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Living Sky's management agreed with the criteria (see **Figure 3**).

**Figure 3—Audit Criteria**

1. **Measure student engagement**
    - 1.1 Identify assessment tools
    - 1.2 Conduct assessment
    - 1.3 Evaluate assessment results to identify areas of improvement
    - 1.4 Communicate assessment results to stakeholders (e.g., teachers, administrators, students, parents, communities, First Nations)
2. **Implement key initiatives**
    - 2.1 Identify student engagement initiatives in response to assessment results
    - 2.2 Carry out initiatives
    - 2.3 Manage barriers to student engagement
3. **Monitor overall effectiveness of initiatives**
    - 3.1 Assess key success factors of initiatives (e.g., indicators)
    - 3.2 Measure results
    - 3.3 Adjust initiatives as required
    - 3.4 Report on results

**We concluded that for the 12-month period ended January 31, 2017, Living Sky School Division No. 202 had, except in the following areas, effective processes to engage Grade 7 to 12 students.**

**The Division needs to analyze the current year OurSCHOOL survey results as compared to prior years. It also needs to obtain input of its Elders' Council on actual survey results specific to First Nations and Métis students. These steps will help the Division develop clear and timely action plans to improve student engagement, establish interim targets to help it move towards achieving the provincial target for student engagement, and focus its initiatives on areas critical to better engaging students.**

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 3**.

## 4.1 Need to Improve Analysis and Response to Survey Results

### 4.1.1 *OurSCHOOL* Survey Administered Consistent with Ministry Requirements

As the Ministry requires, the Division administers the OurSCHOOL survey at each of its schools annually.

The Ministry requires provincially funded schools to conduct the survey at least annually. As noted in **Section 2.1**, the Ministry, through its external consultant, facilitates the use of the survey by all school divisions in the province.

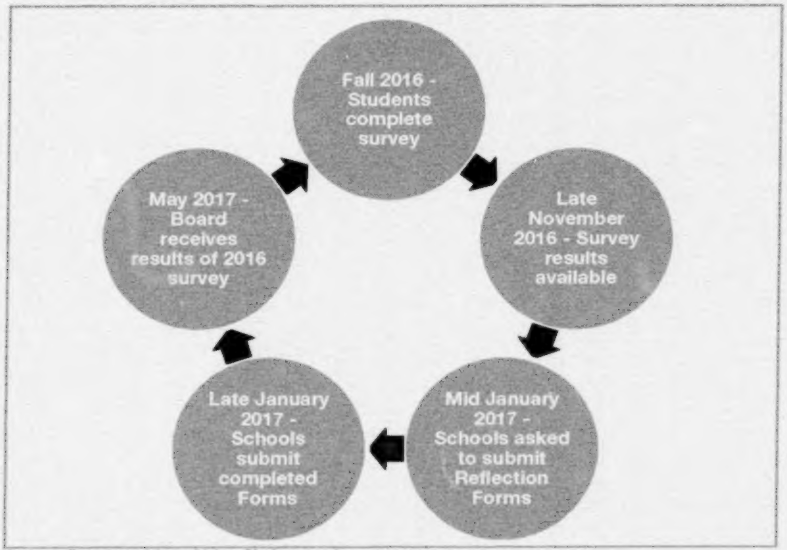
The Division and its staff can access, through the internet, survey training materials, such as webinars and manuals. These materials can assist them in administering the survey and responding to its results. For example, they include an action plan template. The template is designed to document planned actions, assign specific tasks to individuals (along with timelines), and establish criteria to assess success (i.e., targets). Also, the template suggests schools select two or three areas for improvement (i.e., do not take on more than is manageable).

The Ministry gave the Division direction on administering the survey, including identifying mandatory survey questions (e.g., addressing sense of belonging, truancy, effort). The Ministry recommended a survey time of one class period to limit the risk of student fatigue when completing the survey. It allowed divisions to include other standard questions available within the survey tool (e.g., addressing drug use, physical activity, participation in sports or clubs).

In addition, the Division gave its schools an opportunity to add a few questions to the survey—up to two multiple-choice questions, and two open-ended questions. It asked schools to administer the survey by a specified date (e.g., by October 28, 2016, for the 2016-17 fall survey). See **Figure 4** for the typical *OurSCHOOL* survey cycle at Living Sky.

The Ministry's external consultant makes the survey results electronically available to the Division and its schools about two days after the survey is completed by all schools within the Division. Results are compared to the Canadian norm for the Division overall, by each school, and for self-identified First Nations and Métis students and others.

**Figure 4—Typical *OurSCHOOL* Survey Administration and Reporting Cycle for Living Sky**


Fall 2016 - Students complete survey
Late November 2016 - Survey results available
Mid January 2017 - Schools asked to submit Reflection Forms
Late January 2017 - Schools submit completed Forms
May 2017 - Board receives results of 2016 survey

Source: Developed from Living Sky's records.

For all five Grades 7 to 12 schools we visited, their surveys included all mandatory questions, along with additional questions added by the Division and school.

For the 2015-16 school year, all of the Division's Grades 7 to 12 schools completed the survey in the fall (i.e., between October to November), with a few schools conducting the survey again in the spring (i.e., between April to May).

For the 2016-17 school year, almost all Grades 7 to 12 schools completed the survey in fall 2016—one school requested to complete the survey in spring 2017 to give students time to establish themselves in the school (e.g., building relationships, joining clubs/sports) before completing the survey. They each administered the survey within the timeframe approved by the Division.

### 4.1.2 Lack of Timely Action Plans

Living Sky's schools develop action plans to improve student engagement in the second half of the school year. Developing plans in January reduces the time available in the school year to implement them.

The senior management team (i.e., Director of Education, superintendents) indicated that they discuss areas of concern noted from their review of the Division's overall results. Superintendents also indicated they discussed the survey results with the principals of their assigned schools. For the schools we visited, principals and teachers indicated that they discussed the survey results for their school. They do not document their review of the results.

The Division requires schools to complete and submit a survey reflection form. This form requires schools to document any celebrations or surprises (e.g., results better than expected, improvements) that school staff identified in their survey results. The form also asks schools to document how the school shared the survey results (i.e., meetings with staff, students, and parents), and how the school planned to respond to the results. The Division did not require schools to submit the reflection forms until halfway through the school year (i.e., February in 2016 and January in 2017).

For the five schools we visited, the schools did not effectively set out clear responses to the survey results in the reflection forms. For example, the schools' responses on the forms did not set out specific actions to identify the underlying causes of the results, or to address those causes. Also, the schools' responses did not include specific timeframes for actions.

As described in **Section 4.1.1**, the Ministry provided school divisions with materials to assist them in administering and responding to the survey results, including an action plan template. We found that the Division had not reviewed these materials and did not use them to develop action plans.

Development of action plans in response to the survey results earlier in the school year (e.g., in November or December) would help the Division and its schools improve student engagement. Developing plans earlier in the school year would give schools more opportunity to implement initiatives thereby increasing student engagement in the school year. Timely action plans would also increase the value of the survey for those schools deciding to conduct the survey twice per year, as the second survey could provide feedback on the success of schools' plans.

1. **We recommend that Living Sky School Division No. 202 require its schools to develop clear and timely action plans in response to the OurSCHOOL survey results.**

### 4.1.3 Interim Targets Not Established

The Division had not set interim targets for student engagement to help it work towards achieving the provincial targets. The Division was working towards achieving the provincial target described in **Section 2.1** (i.e., that 77% of students are actively engaged in learning and have a positive sense of belonging as reported by the survey).

Of the five schools we visited, one had established targets specific to student engagement (e.g., 90% of students participating in school clubs, events, and/or other activities). In addition, the Division established targets associated with the survey for the Invitational Shared Services Initiative[15] at one of its schools. See **Figure 6** for further information about this initiative. However, neither the Division nor its other schools established any other targets to focus on improving student engagement.

Establishment of targets associated with student engagement survey results would help emphasize the importance of student engagement. Targets would be useful when analyzing survey results, and assist in measuring progress towards the provincial student engagement goals and strategies (see **Section 2.1**).

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[15] Invitational Shared Services Initiative partnerships form part of the Government's ongoing commitment to improving education outcomes for First Nations and Métis students, as outlined in both the Saskatchewan Plan for Growth and the Education Sector Strategic Plan. These partnerships bring together the provincial education system and First Nations education organizations to provide students and teachers living on-reserve with the same supports available in provincial schools, such as speech language pathologists, community liaisons, and literacy and graduation coaches.

**2. We recommend that Living Sky School Division No. 202 and its schools establish interim targets related to the OurSCHOOL survey.**

### 4.1.4 Further Analysis of Survey Results Needed

While Living Sky uses the survey as its primary tool to measure student engagement, it does not perform year-over-year analysis to help create action plans.

We found that neither the Division nor its schools analyzed the survey results as compared to the prior year. Analysis of survey results from one year to the next, at both a Division- and school-level, would highlight those areas where the Division made progress or those areas needing further attention.

Analysis at the school-level would highlight successful student engagement initiatives and those initiatives not achieving the desired outcomes. This would help schools in focusing their resources on initiatives that are making a difference in student engagement and reduce potential for initiative overload.

**3. We recommend that Living Sky School Division No. 202 and its schools analyze the year-over-year OurSCHOOL survey results to inform survey action plans.**

### 4.1.5 Input on Specific Survey Results Not Obtained from Elders' Council

The Division shares and discusses results with key partners but needs to do more to obtain the input of its Elders' Council (Council).

The Council provides the Division with a connection to local First Nations and Métis communities. The Council has a common interest of improving graduation rates for First Nation and Métis students.

Living Sky and its schools use varying means to share survey results with the Board of Education (Board), Ministry, parents, and the public. Principals share survey results with teachers during staff meetings, and with students and parents through newsletters or school community councils.[16] The Board receives the results of the past fall survey annually in the spring. While the Division generally discusses the survey results with its Elders' Council, it does not share specific results with them.[17]

Almost one-third of Living Sky's Grade 7-12 students are of First Nations and Métis ancestry.[18] As **Figure 5** illustrates, recent survey results show a disparity between self-identified First Nations and Métis students as compared to non-First Nations and Métis students (e.g., positive sense of belonging, positive relationships, positive homework behaviour, effort, and truancy).

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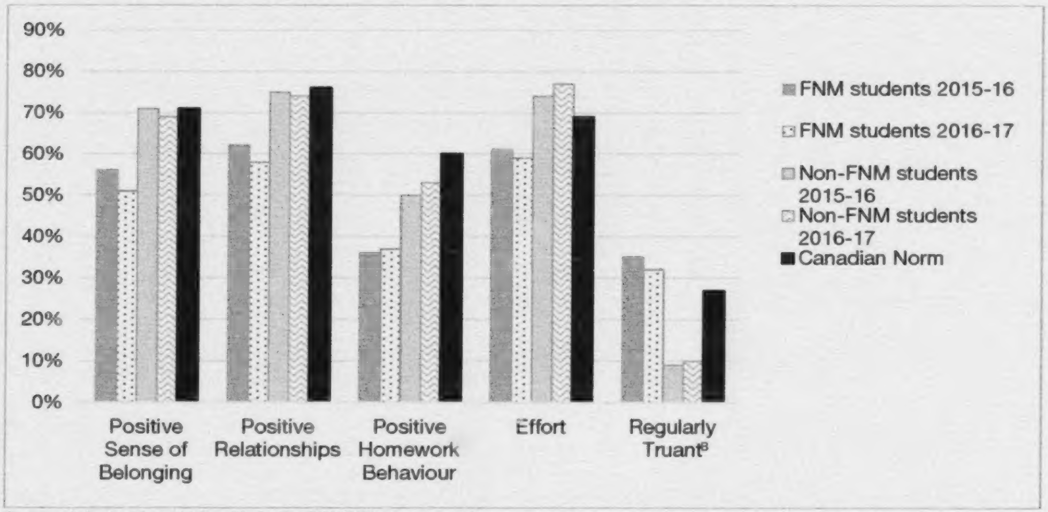
[16] School Community Councils (SCCs) are required for each school according to section 140.1 of the Act. According to the Division's website, SCCs are made up of parents, community members, staff members, and students. SCCs work with schools to support the learning success and well-being of all children and youth. Councils encourage and facilitate parent, community and youth engagement in school planning and the school improvement process.

[17] The role of the Elders' Council is to advise the Board of Education on matters related to First Nations and Métis education policy development and implementation.

[18] *Living Sky School Division No. 202 Annual Report 2015-16*, p. 29.

**Figure 5—Comparison of Living Sky's 2015-16 and 2016-17 *OurSCHOOL* Survey Results for First Nations and Métis and Non-First Nations and Métis Students**[A]



Source: Adapted from Living Sky's *OurSCHOOL* survey results.

[A] The results for 2015-16 include data from surveys completed in fall 2015 and spring 2016, while the results for 2016-17 include data from the fall 2016 survey only.

[B] Truant students are absent from school without leave or explanation.

Sharing survey results specific for First Nations and Métis students with the Council would enable the Division to seek its feedback and insights. This could lead to potential solutions on bridging the gap and better engaging First Nations and Métis students, families, and communities, with the goal of improving graduation rates. Communicating the specific survey results to the Council would enable the Division to use their input when developing the Division's response to the survey results, further engaging First Nations and Métis students.

4. **We recommend that Living Sky School Division No. 202 obtain the input of its Elders' Council on the OurSCHOOL survey results specific to First Nations and Métis students.**

## 4.2 Key Initiatives Implemented

### 4.2.1 Most Initiatives Informally Implemented

Living Sky informally considers the feasibility of student engagement initiatives, along with required training, prior to implementing initiatives. Superintendents and principals are in regular contact regarding school activities and initiatives.

The Division gives each school the authority to identify and implement initiatives to promote student engagement. As such, schools developed the majority of Living Sky's student engagement initiatives. For example, the five Grades 7-12 schools we visited had numerous sports teams and extra-curricular clubs to engage students in school (e.g., basketball, curling, robotics, drama) in addition to initiatives set out in **Figure 6**.

**Figure 6—Student Engagement Initiatives Observed at Living Sky Grades 7 to 12 Schools**

**First Nations/Métis Graduation & Achievement Team** – A Division-level initiative to promote engagement and attendance of First Nation and Métis students. The team meets regularly to discuss barriers to student attendance and learning, and ways to address them.

**Dynamic Data-Driven Decisions (D4) Initiative** – A Division-led pilot project to support schools in making greater use of data in making decisions, setting goals, and evaluating programs. Its focus is to engage the greater school community in a common achievement goal (e.g., reading). Eleven schools participate in this initiative.

**Mental Health First Aid** – This Division-led initiative provides education about mental health problems (e.g., substance use disorders, mood disorders, anxiety disorders, psychotic disorders), recognizing the signs and symptoms of mental health problems, and providing crisis first aid. Six schools participate in this initiative.

**Treaty Education** – A Kindergarten to Grade 12 curriculum to educate students on the treaties. It includes professional development around Treaty education to increase teachers' knowledge of Indigenous people, culture and history, and to help teachers better engage with First Nations and Métis students.

**Evaluations of Year 1 & 2 Teachers** – Superintendents formally evaluate new teachers. The evaluation includes assessing their ability to engage students.

**Professional Learning Communities** – Groups of teachers meet regularly to share expertise and work collaboratively to improve teaching skills and the academic performance of students.

**Invitational Shared Services Initiative (ISSI)** – This Division-led initiative established a partnership between Living Sky and two local Tribal Councils. It has a goal of ensuring enrolment, engagement, attendance, and graduation rates for First Nations and Métis students at one of the Division's high schools are at the same rates as their non-Aboriginal counterparts. The initiative created a graduation coach at North Battleford Comprehensive High School. The graduation coach mentors First Nations and Metis students and advocates for them. The coach helps bridge relationships between teachers and students. The graduation coach also operates a classroom at the high school (referred to as the Gateway to Success classroom). This classroom provides a safe space for First Nations and Métis students to seek help with assignments and homework (i.e., tutoring).

**Following Their Voices** – A provincially funded initiative to raise the educational achievement and participation of First Nations and Métis students at one school in the Division—Cando Community School. It focuses on enhancing relationships between students and teachers, and creating safe, well-managed learning environments for students.

**Land-Based Learning** – A four-day land-based learning camp at three schools in the Division—Cando Community School, Leoville Central School, and Spiritwood High School. The camp incorporates First Nations' culture, traditions, and language with academics using a co-teaching model (elders, teachers).

**Activate Program** – One school—Unity Comprehensive High School—promotes kindness and belonging among students through interactive projects.

**Student/Classroom Libraries** – One school—Macklin School—purchased books based on student suggestions with the goal of making reading interesting for them.

**Positive School Climate Committee** – At one school—Unity Comprehensive High School—students, teachers, and parents organize activities and events to promote a positive school environment, such as random acts of kindness.

**Extra-Curricular Shuttle Program** – One school—North Battleford Comprehensive High School—provides transportation for First Nations and Métis students living on-reserve to attend extra-curricular activities outside of school hours (i.e., after school, on weekends).

Source: Compiled from Living Sky records and interviews.

Also as shown in **Figure 6**, Living Sky identified a few larger initiatives at a Division-level. We found the Division either implemented these initiatives as pilot projects at some schools (e.g., D4 initiative, ISSI, Mental Health First Aid program), or at a Division-level for all schools (e.g., First Nations/Métis Graduation and Achievement Team, Treaty Education, evaluation of Year 1 and Year 2 teachers).

The Division and its schools informally assessed the feasibility of student engagement initiatives. Division superintendents held regular discussions with principals to discuss the feasibility of initiatives and monitor school activities and programs. For initiatives that Living Sky implemented at multiple schools, or those initiatives requiring specific funding, we found that the Division conducted a more formal feasibility analysis (e.g., determined need for external funding).

For initiatives requiring training (e.g., Treaty Education, D4 initiative, Mental Health First Aid program), Living Sky provided staff with necessary training, often through professional development days. We observed training materials (e.g., presentations, course agendas) for these initiatives to confirm that training occurred.

For ten initiatives at the five schools we visited, the Division and/or the schools informally assigned responsibilities at the Division- and school-level. Informal assignment of responsibility seems reasonable given the regular communications between superintendents and principals.

### 4.2.2 Most but Not All Initiatives Relate to Areas of Need—Potential Initiative Overload Exists

For the most part, initiatives underway in the Division's Grades 7 to 12 schools related to areas where the Division's survey results were worse than the Canadian norm. However, school officials express concern about initiative overload.

The Division does not have a formal process to create or stop initiatives. Initiatives are either Division-led or school-led (see **Figure 6**). Schools can identify and implement initiatives to promote student engagement without Division office approval. Some initiatives started at a school may be adopted by other schools or across the entire Division.

The Division recognizes that its First Nations and Métis students have lower success rates and on-time graduation rates when compared to the provincial average.[19] This gap is also reflected in the survey results (see **Figure 5**). To address this gap, the Division:

- Developed a 2016-17 plan to improve the achievement of its First Nations and Métis students. The plan identifies outcomes for these students' achievement, barriers to achieving those outcomes, and actions to address those barriers

- Developed an action plan in response to the ESSP goals and strategies, specific to First Nations and Métis achievement and graduation rates

- Discussed barriers to First Nations and Métis student engagement as part of the First Nation/Métis Graduation and Achievement Team (as described in **Figure 6**)

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[19] Living Sky School Division No. 202 PowerPoint presentation titled *Public Consultation For Strategic Plan Renewal and Development.*

- Implemented specific initiatives aimed at improving engagement and achievement for First Nations and Métis students (e.g., ISSI, Following Their Voices, Land-Based Learning as described in **Figure 6**)
- Created an Elders' Council with local First Nations (as described in **Section 4.1.5**).

The survey results in **Figure 2** also reflect the Division is worse than the Canadian norm for student anxiety and depression. The Division acknowledged this and implemented the Mental Health First Aid program (as described in **Figure 6**).

For five Grades 7-12 schools we visited, initiatives at each school varied with all schools having multiple initiatives to promote student engagement. **Figure 6** summarizes some of the student engagement initiatives we observed.

To optimize the Division's resources, initiatives to promote student engagement should primarily focus on specific areas where the student engagement is worse than the Canadian norm.

As **Figure 2** illustrates for the 2015-16 and 2016-17 survey results, Grades 7-12 students in Living Sky are worse than the Canadian norm for the following three engagement indicators—having a positive sense of belonging, positive relationships, and positive homework behaviour. Also, more Division students are experiencing moderate to high levels of anxiety and depression as compared to the Canadian norm.

We compared Living Sky's student engagement initiatives to the Division's survey results.

We found the Division had various initiatives (e.g., positive school climate committee, mental health first aid) designed to address those areas where it was worse than the Canadian norm. We noted the Division had identified the need for a student attendance strategy. It had identified this need as part of its recent strategic planning process. It planned to develop such a strategy after its strategic plan was finalized in the spring of 2017.

In addition, we noted many initiatives that did not specifically relate to areas where the Division was worse than the Canadian norm. Some Division staff cited concerns about the number of initiatives underway at schools noting they often feel stretched.

While using multiple initiatives to promote student engagement can help engage a broader base of students, the Division must safeguard against initiative overload. It must achieve a balance between the number of initiatives and resources available (e.g., teacher time). Initiative overload can create a situation where those involved do not have sufficient time to do their job well. This increases the risk that well-intended initiatives may not be successful.

Having action plans that focus on areas needing improvement, and deliberately considering initiatives no longer needed, can help overcome initiative overload. In **Section 4.1.2**, we recommend that the Division require its schools to develop clear and timely action plans in response to the survey results.

## 4.3 Additional Analysis to Monitor Effectiveness of Initiatives Needed

### 4.3.1 Most Initiatives Informally Monitored and Adjusted

While Living Sky used the OurSCHOOL survey results, student achievement results, and graduation rates to assess its overall success in engaging students, it informally assessed, monitored, and adjusted its various initiatives.

The ESSP has goals for student achievement and graduation rates. Instead of creating separate mechanisms to monitor initiatives, the Division appropriately monitored the completion of actions taken to contribute towards the ESSP goals. The Division also assessed student achievement results semi-annually and superintendents informally monitored students' grades at the end of each semester.

The Division formally assessed the effectiveness of only a few larger Division-led initiatives. For example, in 2015-16, the Division assessed whether the D4 initiative had a positive impact on student achievement scores. Also, as part of the ISSI initiative, the Division tracked various information about First Nations and Métis student engagement (e.g., credit attainment required for successful graduation, attendance).

For the five Grades 7 to 12 schools we visited, a few schools tracked the success of specific student engagement initiatives. For example, the school with the graduation coach program tracked monthly students' use of the Gateway to Success classroom part of the ISSI initiative (see **Figure 6**). Another high school that strived to have 90% of its students engaged in at least one school activity (e.g., sports, clubs, events, etc.) tracked which students were involved in one or more school activities.

However, most schools informally evaluated and adjusted their initiatives. They primarily used verbal feedback from various groups (e.g., students, teachers, parents). A few schools surveyed students to obtain feedback. We did not find documented evidence to support that the schools adjusted their initiatives based on feedback. Additional analysis of changes in student engagement would better inform evaluations and decisions on initiatives.

In **Section 4.1**, we recommend that Living Sky formally analyze, at a Division- and school-level, the *OurSCHOOL* survey results. Also, we recommend that the Division and its schools establish interim targets and develop clear and timely action plans in response to the *OurSCHOOL* survey results. Development of interim targets and action plans would assist the Division and its schools to focus on where adjustments to initiatives are necessary.

In 2016-17, the Division introduced a feedback tool to assist in collecting information from the public regarding what the Division is doing well and what it can improve. The Division plans to use this feedback to inform its current strategic planning process. The information Living Sky collects through this tool may also be useful when considering adjustments to student engagement initiatives.

### 4.3.2 Results of Student Engagement Initiatives Reported but with Limited Analysis

Living Sky and its schools use varying means to report the results of student engagement initiatives to the Board of Education, Ministry, parents, and the public. This includes:

- Sharing student achievement results with the Board annually
- Making ISSI presentations to the Elders' Council and Board
- Providing the Ministry with periodic ISSI progress reports
- Providing the Board with an annual update regarding progress on ESSP targets
- Providing Board members with access to the ESSP targets, action plans, and related data by posting information on the boardroom walls
- Communicating with students and parents through school newsletters and information posted throughout schools (e.g., on bulletin boards)
- Providing monthly attendance reports to the Ministry
- Describing key student engagement initiatives in the Division's public annual report

The Division analyzed some of the student engagement-related results. For example, the Division analyzed changes in student attendance and identified reasons for declines in attendance throughout the school year. As described in **Section 4.2.2**, it has identified the need for an attendance strategy. The Division also analyzed its graduation rates twice during the year (i.e., comparison to provincial graduation rate for First Nations and Métis, non-First Nations and Métis, male, female).

However, as described in **Section 4.1.4**, neither the Division nor its schools formally analyzed the survey results compared to the prior year. Such analysis would provide valuable input to assist the Division with explaining changes in student engagement results.

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# Chapter 9
# Mamawetan Churchill River Regional Health Authority—Delivering Provincially Funded Childhood Immunizations

## 1.0 MAIN POINTS

Under *The Regional Health Services Act*, regional health authorities (RHAs) are responsible for planning, organizing, delivering, and evaluating health services within their health regions. As part of this mandate, RHAs deliver immunizations to residents within their regions.

This chapter reports the results of our audit of processes Mamawetan Churchill River Regional Health Authority uses to deliver provincially funded childhood immunizations.

For the 12-month period ended January 31, 2017, Mamawetan had, other than the following, effective processes to deliver provincially funded childhood immunizations.

Mamawetan needs to:

- Analyze and report childhood immunization rates by community. This will facilitate informed decision making as to where additional supports or strategies are required to increase coverage rates.
- Consistently follow the Saskatchewan Immunization Manual for storing vaccines, managing vaccine inventory, and developing emergency event recovery plans. This would help Mamawetan properly protect its vaccines and prevent the use of ineffective vaccines.
- Periodically give its Board coverage-rate information as it relates to provincially funded childhood immunizations. This information would enable Mamawetan to better assess the effectiveness of its immunization services.

## 2.0 INTRODUCTION

Immunization programs are designed to help prevent, control, or eliminate vaccine-preventable diseases. They do this by directly protecting vaccine recipients and indirectly protecting vulnerable individuals who may not respond to vaccines, or for whom vaccines may be harmful.[1]

In Canada, immunization programming is a shared responsibility between federal, provincial, and territorial governments. Provincial and territorial governments, and local public health authorities (such as Mamawetan Churchill River Regional Health Authority) undertake the planning and delivery of immunization programming for residents living off-reserve.[2] The Federal Government is responsible for the planning and delivery of immunization programming for residents living on-reserve. The Ministry of Health purchases and distributes all vaccines provided on and off-reserve.

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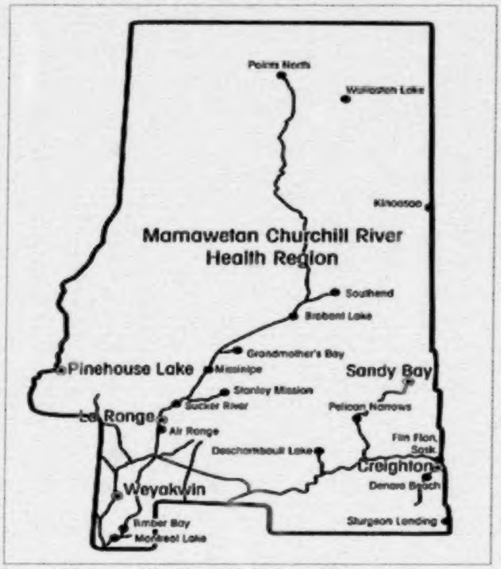
[1] http://healthycanadians.gc.ca/healthy-living-vie-saine/immunization-immunisation/canadian-immunization-guide-canadien-immunisation/introduction-eng.php (28 March 2017).

[2] Ibid.

## 2.1 Immunization Services in Mamawetan

Geographically, Mamawetan Churchill River Regional Health Authority (Mamawetan) is the largest health region in northeast Saskatchewan covering nearly 25% of the province (see **Figure 1**). Its staff, about 250 full-time equivalents, work in facilities located in the communities of Creighton, La Ronge, Pinehouse, Sandy Bay, and Weyakwin.[3]

**Figure 1—Mamawetan Map**


Points North
Wollaston Lake
Kinoosao
Mamawetan Churchill River Health Region
Southend
Brabant Lake
Grandmother's Bay
Pinehouse Lake
Missinipe
Sandy Bay
Stanley Mission
Sucker River
Pelican Narrows
La Ronge
Air Ronge
Flin Flon, Sask
Deschambault Lake
Creighton
Weyakwin
Denare Beach
Timber Bay
Montreal Lake
Sturgeon Landing

Source: Ministry of Health, *2015-16 Annual Report*, p. 2.

Mamawetan provides healthcare services to over 24,000 residents in over 23 municipalities and First Nation communities. In addition, it provides public health services such as immunizations to the off-reserve communities.[4]

Over one-third of Mamawetan's residents are under the age of 17[5] (compared to less than one quarter for the province as a whole).[6] Almost two-thirds of those under the age of 17 live on-reserve.[7]

Mamawetan delivers provincially funded immunization services to about 3,000 children under the age of 17 living off-reserve in the region. Provincially funded childhood immunizations are free routine vaccines that public health nurses and other health care providers (e.g., physicians) provide to Saskatchewan residents.[8] For a list of provincially funded childhood vaccines (determined by the Ministry of Health), see **Section 6.0**.

The population of residents within Mamawetan is largely First Nations with about 57% of its residents living on-reserve.[9,10] Four First Nations in 13 communities are located within the Mamawetan region. Each of these First Nations have transfer agreements with the Federal Government to manage their own health services including immunizations.[11]

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[3] www.mcrhealth.ca/our_region.html (6 December 2016).
[4] These communities include La Ronge, Air Ronge, Creighton, Flin Flon, Denare Beach, Weyakwin, Sandy Bay, Pinehouse Lake, and Timber Bay.
[5] About 37%.
[6] About 22%.
[7] Statistics provided by Northern Saskatchewan Population Health Unit – 65%.
[8] www.saskatchewan.ca/residents/health/accessing-health-care-services/immunization-services. (28 March 2017).
[9] These residents live in Peter Ballantyne Cree Nation and Lac La Ronge Indian Band communities, as well as Montreal Lake Cree Nation and Hatchet Lake Denesuline First Nation.
[10] Statistics Canada Population Estimates, 2015 (Provided by Northern Saskatchewan Population Health Unit).

First Nation health authorities provide immunizations on-reserve. The Northern Inter-Tribal Health Authority[12] and the First Nations Inuit Health Branch of Health Canada (i.e., Federal Government) support First Nation health authorities.

## 2.2 Importance of Immunization Services

Vaccines are a cornerstone of public health. Their use has significantly contributed to the prevention and control of infectious diseases in Canada and internationally.[13]

Immunization programs can prevent many diseases and have a positive impact on the overall health of individuals. Since the introduction of mass immunization, infectious diseases which used to be common (such as polio), are now rare in Canada. Effective immunization programs can result in substantial savings to the health system and improvements in length and quality of life.[14]

Ineffective delivery of provincially funded childhood immunizations can put the public at risk due to increased transmission of preventable diseases. Children are particularly susceptible to these preventable diseases because their immune systems are less mature and therefore less able to fight infection.[15] Without immunizations, there is an increased risk of children having on-going health concerns that affect their quality of life. This could also lead to increased health costs.

# 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of the processes Mamawetan Churchill River Regional Health Authority used, for the period from February 1, 2016 to January 31, 2017, to deliver provincially funded childhood immunizations.

The audit did not examine clinical decisions related to immunizations (e.g., not providing immunizations due to the health condition of an individual). In addition, the audit did not include immunizations provided for influenza or travel.

We examined Mamawetan's policies and procedures that relate to delivering provincially funded childhood immunizations, promotional items, statistical reports, and other relevant documents. We also visited two child-health clinics in Mamawetan to interview key staff (e.g., public health nurses, Medical Health Officers) and tested a sample of children's immunization records.

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[11] The First Nations and Inuit Health Branch (FNIHB) of Health Canada directly provides some health services in Saskatchewan. FNIHB funds the majority of health services on reserve; First Nations communities and organizations deliver these services. www.publications.gc.ca/collections/collection_2014/sc-hc/H34-275-2014-eng.pdf (16 December 2016).

[12] A First Nations' partnership organization that provides some specialized services, including immunizations, to several communities in the northern health authorities and several communities outside of the northern health authorities.

[13] http://healthycanadians.gc.ca/healthy-living-vie-saine/immunization-immunisation/canadian-immunization-guide-canadien-immunisation/introduction-eng.php (24 November 2016).

[14] www.phac-aspc.gc.ca/publicat/nis-sni-03/pdf/nat_imm_strat_e.pdf (28 March 2017).

[15] http://healthycanadians.gc.ca/healthy-living-vie-saine/immunization-immunisation/canadian-immunization-guide-canadien-immunisation/introduction-eng.php (28 March 2017).

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Mamawetan's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Mamawetan's management agreed with the criteria (see **Figure 2**).

**Figure 2—Audit Criteria**

**Processes to:**

1. **Promote awareness of the benefits of immunization**
    - 1.1 Make individuals/parents/guardians aware of immunization services available (what, where, when)
    - 1.2 Inform recipients and parents/guardians of benefits and risks of immunization
    - 1.3 Establish strategies to reach individuals for immunization (e.g., co-ordination with schools, First Nations)
2. **Organize immunization services**
    - 2.1 Maintain trained vaccine providers
    - 2.2 Offer accessible times to immunize
    - 2.3 Offer accessible locations to immunize
    - 2.4 Properly manage vaccines (e.g., transfer, storage)
3. **Create opportunities to increase immunization coverage rates**
    - 3.1 Work with other health service providers (e.g., Federal Government, Northern Inter-Tribal Health Authority) to maximize coverage
    - 3.2 Follow up when recipients are not fully immunized
4. **Monitor immunization**
    - 4.1 Facilitate accurate and complete immunization records
    - 4.2 Systematically analyze key performance information on immunization (e.g., coverage rates, significant adverse events following immunization, immunization errors/incidents)
    - 4.3 Report to senior management and Board on key information

**We concluded that for the period of February 1, 2016 to January 31, 2017, Mamawetan Churchill River Regional Health Authority had, other than the following, effective processes to deliver provincially funded childhood immunizations. Mamawetan Churchill River Regional Health Authority needs to:**

- **Periodically formally analyze and report childhood immunization rates by community to help increase coverage rates**
- **Consistently follow the Saskatchewan Immunization Manual for storing vaccines, managing vaccine inventory, and developing emergency event recovery plans**
- **Give its Board coverage rate information as it relates to provincially funded childhood immunizations**

In January 2017, the Government of Saskatchewan announced that it plans to consolidate the twelve regional health authorities—including Mamawetan Churchill River Regional Health Authority—into one Provincial Health Authority by the fall of 2017. As a result, we have directed our recommendations to the Provincial Health Authority. The Provincial Health Authority, once it is formed, is to assume responsibility for delivering provincially funded immunizations in the region covered by the Mamawetan Churchill River Regional Health Authority.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 2**.

### 4.1 Various Strategies to Promote Awareness

Mamawetan increases awareness about immunizations using a variety of strategies.

Mamawetan educates the public about immunizations through its promotional activities. For example, it uses posters to explain how immunizations and vaccines work, and vaccines recommended for children. It places these on bulletin boards in health centres within the region. Mamawetan also began using social media (e.g., Facebook) and local radio to promote immunization clinics.

It has six Public Health Nurse positions. Their responsibilities include the promotion and delivery of immunization programs. Some of the Public Health Nurses live in the community where they work. These nurses leverage pre- and post-natal consultations with soon-to-be or new mothers to promote the importance of immunizations. In addition, at the first post-natal home visit, Public Health Nurses routinely book the two-month immunization appointment for the child.

Mamawetan works with other health care providers (e.g., Northern Inter-Tribal Health Authority) to promote immunization awareness.

It is part of the multi-party collaborative called the Northern Healthy Community Partnership[16] and participates in the Babies, Books, and Bonding initiative. This initiative promotes literacy, bonding through reading, early childhood development, and encourages visits for immunizations. Parents receive free books (appropriate for age) for their children when they attend child immunization clinics in the region, at 6 months, 12 months, 18 months, and 4 years. In 2015-16, this initiative provided 2,474 books to over 750 children in over 18 communities in northern Saskatchewan.

### 4.2 Immunization Services Made Available and Altered to Meet the Needs of Recipients

Mamawetan makes immunization services readily available through its immunization clinics located in health centres in seven communities. When individuals cannot attend these set clinics, Public Health Nurses routinely alter their schedules to accommodate the needs of those individuals.

Mamawetan varies the frequency of clinics based on the size of the communities—larger communities have clinics more often.

The three larger communities (La Ronge, Pinehouse, and Creighton) offer weekly clinics with set days and times. Three communities (Weyakwin, Timber Bay, and Denare Beach) offer monthly clinics. For example, Weyakwin has an immunization clinic the fourth

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[16] A network of organizations working to improve the health of people in northern Saskatchewan by influencing the conditions in which they live, learn, work, and play. http://nhcp.ca/about_nhcp.html (28 March 2017).

Monday of each month. The last community, Sandy Bay, offers a clinic every second week. The Public Health Nurse travels from either Creighton (a distance of 318 kilometres each way) or La Ronge (a distance of 371 kilometres each way) to run the clinic.

The day before a scheduled appointment, Mamawetan staff contact the parent or recipient to confirm the appointment. If a parent / recipient cancels the appointment three times, the Public Health Nurse schedules a home visit. The Public Health Nurses use home visits to determine why the individual could not make the appointments (e.g., lack of transportation).

Public Health Nurses also accommodate individuals who present themselves for immunizations without an appointment (i.e., walk-ins).

In some communities, Public Health Nurses provide immunizations at daycares. For example, in La Ronge, the Public Health Nurse holds immunization clinics at the high school's daycare every Thursday afternoon. It uses these clinics to promote immunization and immunize children whose parents attend the high school.

In August 2016, the Ministry of Health released the *2016-17 Provincial School Immunization Strategy*. This strategy strives to have school-aged children receive immunizations for which they are eligible. The strategy targets students in grades 1, 6, and 8. The strategy includes policies and procedures for the health care providers delivering school immunizations (e.g., procedures on how to set up an immunization clinic for each grade).

Mamawetan is following the *2016-17 Provincial School Immunization Strategy*.

In two of the three communities we sampled, Mamawetan held school immunization clinics as expected.

For one community in our sample (Sandy Bay), immunizations occurred only at the immunization clinic when the nurse travelled from Creighton or La Ronge. For example, this community's immunization coverage rate of 52% for two-year-old children for pertussis (as shown in **Figure 4**) was one of the region's communities with lower immunization coverage for this vaccine. We found Mamawetan did not use other opportunities to immunize in this community (e.g., home visits, daycares, school immunization clinics). The nurse advised us that she did not have sufficient time to deliver immunizations otherwise within this community given her other public health service responsibilities. Management advised us that it had hired a Public Health Nurse in March 2017 who will reside in this community. They expect the Public Health Nurse to expand the immunization services offered in that community.

## 4.3 More Analysis of Coverage Rates Needed

### 4.3.1 Follow Ups Conducted to Increase Coverage Rates

Mamawetan actively follows up with recipients not fully immunized to increase coverage rates.

For immunizations to be effective, they must be on time and follow the childhood immunization schedule (see **Section 6.0**). Following this schedule provides the best protection against vaccine-preventable diseases.

Mamawetan, along with the other RHAs and some First Nation communities,[17] uses centralized provincial IT systems to maintain immunization records on individuals called Panorama.[18] Panorama can readily share individual case-by-case immunization status information for clients included in the system. Public health offices can access these records. Physicians can access immunization records through eHealth Viewer, which is linked to Panorama.

Each month, the Primary Care Nursing Co-ordinator uses Panorama to create a list of children that are overdue for their immunizations by community. Public Health Nurses use the list to attempt to make an immunization appointment with each recipient or parent.

If staff do not reach these individuals by phone, they send reminder letters. For those individuals without phone service, they deliver an invitation for immunization to their home. Also, for individuals that cannot come in for an appointment, the Public Health Nurse schedules home visits.

We noted that some staff use manual records (e.g., index cards), alongside Panorama, to keep track of children's immunization records. Since Panorama maintains this information, staff may be unnecessarily spending additional time updating manual records. Panorama, implemented in February 2015, is a relatively new system for staff. Mamawetan may wish to consider taking additional steps to increase staff's familiarity and comfort with the system. This may reduce the need for them keeping manual records.

### 4.3.2 Analysis of Coverage Rates by Community Needed

Mamawetan does not analyze or report immunization coverage rates by community to help determine why it is not achieving its target immunization coverage rates.

**Analysis of Immunization Coverage Limited to Region-Wide Information**

Mamawetan, similar to other RHAs in the province, limits its analysis to regional level information provided by the Ministry of Health on a quarterly basis.

Mamawetan receives quarterly reports (based on information from Panorama) from the Ministry of Health. These reports set out the average immunization coverage rates at the regional level for two-year-old and seven-year-old children for three immunizations (pertussis, measles, and meningococcal—see **Section 7.0** for Glossary).

The Ministry of Health's reported coverage rates do not include children that live on-reserve. For on-reserve information, Mamawetan receives the annual report of the

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[17] There are five First Nation communities not using Panorama.

[18] In February 2015, eHealth, along with the Ministry of Health and RHAs, implemented an integrated public health surveillance IT system (known as Panorama) to replace Saskatchewan Immunization Management System (SIMS). Panorama is part of the pan-Canadian Panorama initiative funded through Canada Health Infoway. Infoway is an independent, not-for-profit organization funded by the Federal Government with a mandate to improve the health of Canadians by working with partners to accelerate the development, adoption, and effective use of digital health solutions across Canada.

Northern Inter-Tribal Health Authority[19] (NITHA); this annual report sets out NITHA's overall average coverage rates.

**Figure 3—Mamawetan Childhood Immunization Coverage Rates for Pertussis, Measles, and Meningococcal (January 2016 to December 2016)**

| Age Group | Pertussis Coverage Rate % | Measles Coverage Rate % | Meningococcal Coverage Rate % |
|---|---|---|---|
| 2-year-old population | 66.2 | 64.1 | 86.7 |
| 7-year-old population | 71.0 | 89.5 | 93.1 |

Source: Ministry of Health, *Childhood Immunization: Coverage Statistics for 2- and 7-year-old children, Quarterly Report: December 2016*.

Mamawetan set an immunization coverage target of 95% for these types of infections. At December 2016, it is not meeting that target. For example, as shown in **Figure 3**, Mamawetan has lower coverage rates for the two-year-old population.

Management indicated that the Ministry of Health has questioned whether Mamawetan's target is realistic and asked it to revisit the target. It suggested Mamawetan base its target on current coverage rates in 2017-18. Mamawaten plans to set a long-term strategy to improve coverage rates over time (e.g., expect an annual increase of 1% for the next five years).

**Section 5.0** compares Mamawetan's childhood immunization 2014 coverage rates for all vaccines and age groups. It shows that Mamawetan's 2014 coverage rates are below Saskatchewan 2014 coverage rates in most vaccine categories. For example, Mamawetan's coverage rates for residents in the 17-year-old age group for diphtheria, meningococcal serogroup C, mumps, pertussis, polio, and tetanus are each well below Saskatchewan 2014 coverage rates.

### No Analysis of Immunization Coverage by Community

Neither Mamawetan nor the Ministry of Health analyzes and reports immunization coverage rates by community. Presently, Panorama does not provide a mechanism to analyze coverage rates on a community-by-community basis.

Rather, Mamawetan relies on the knowledge of its Public Health Nurses and their use of overdue lists. Public Health Nurses work closely with residents in their assigned communities. We found them to be knowledgeable about their communities and work to accommodate their clients' needs (e.g., home visits). However, we also found that they were not familiar with the actual immunization coverage rates of their communities.

We found the use of trends in the average region-wide immunization rate did not provide meaningful information given the modest number of children in the region for each immunization age group (e.g., two-year old children). We noted that the number of children in each immunization age group varied significantly. For example, in December 2016, the number of two-year-old children in each community varied from 1 to 48.

Even though Panorama does not presently provide a mechanism to analyze coverage rates by community, Mamawetan was able to do this. When we had Mamawetan analyze immunization coverage rates for two-year-old children by community, we found that coverage rates varied significantly—from 42% to 100% for pertussis (see **Figure 4**). As **Figure 3** indicates, the Mamawetan regional coverage for pertussis for two-year-old children at December 31, 2016 was 66.2%.

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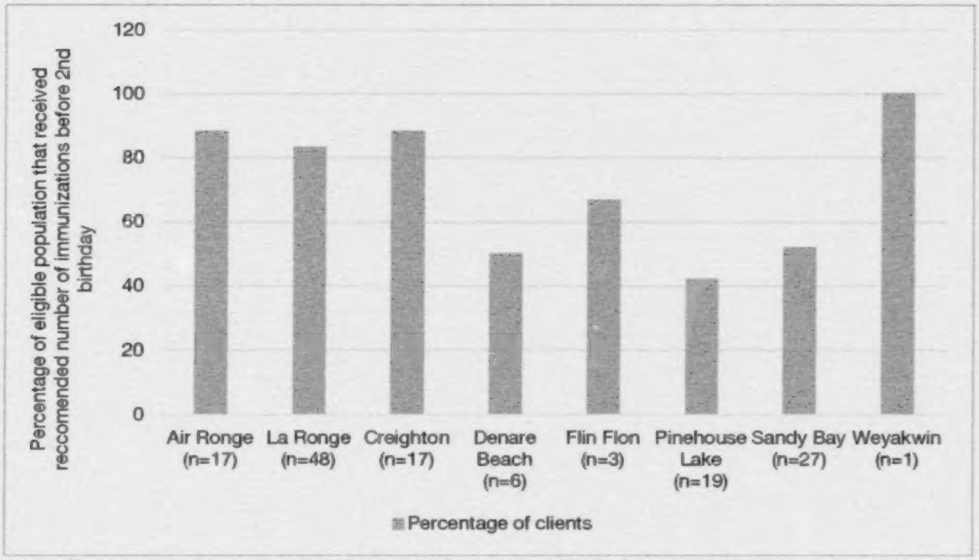
[19] NITHA supports the First Nation health authorities that provide immunizations to those residents living on-reserve. It is also responsible for monitoring immunization coverage rates.

**Figure 4—Mamawetan Two-Year-Old Childhood Immunization Coverage Rates for Pertussis by Community**



Source: Panorama as of December 8, 2016. Prepared by Population Health Unit December 2016.
n = the number of children registered in Panorama.
Note: Timber Bay is not included in this Figure as that community did not have any two-year-old children.

Considering coverage by community shows Mamawetan requires more effort to increase the coverage rate in Sandy Bay as compared to Denare Beach. That is because at December 2016, only 3 of 6 children in Denare Beach were not up-to-date on their immunizations as compared to 13 of 27 children in Sandy Bay. As noted in **Section 4.2**, Mamawetan has hired a public health nurse for Sandy Bay.

Formally analyzing immunization coverage rates by community would help Mamawetan know whether it is putting the right amount of effort into the right communities. It may help it decide where to adjust its immunization strategies to increase coverage. We acknowledge that getting reports by community may require collaboration with the Ministry of Health and improvements to Panorama.

1. **We recommend that the Provincial Health Authority periodically formally analyze and report childhood immunization coverage rates by community.**

## 4.4 Immunization Guidelines Set but Not Always Followed

As described below, Mamawetan does not always follow the guidelines as set out in the Saskatchewan Immunization Manual (Manual) for storing vaccines, managing its vaccine inventory, and developing emergency event recovery plans.

The Manual, available from eHealth through its website, sets out procedures for:

- Transferring and storing vaccines
- Managing vaccine inventory
- Developing emergency event recovery plans
- What information the Public Health Nurse must discuss with the individual before administering the vaccine, including the benefits and risks of receiving the vaccine
- The informed consent that the Public Health Nurse must obtain from the recipient and/or parent prior to immunizing
- Adverse events following immunizations

### 4.4.1 Proper Storage of Vaccines Needed

Mamawetan does not always follow procedures when storing the vaccines used for immunizations.

Mamawetan is to keep vaccines within the recommended temperature range (two to eight degrees Celsius) to maintain their effectiveness. For example, the Manual requires staff to record the minimum/maximum temperature of storage fridges twice a day using a temperature log. In addition, the storage fridges are to have a continuous temperature recorder. Recorders provide information about the length of time the vaccines may have been outside of the recommended temperature range. Staff are to monitor the recorder daily and change it weekly. Furthermore, the Manual requires regular maintenance on the storage fridges.

During the audit, we found:

- In all three locations we sampled, staff were not consistently filling out the temperature logs twice a day. Some logs were only missing one or two entries (i.e., a morning or afternoon entry), whereas others were missing information for a number of days.
- In two of the three locations we sampled, Mamawetan did not use the continuous temperature recorder. The storage fridge in one location did not have the continuous temperature recorder installed. In the other location, staff were not monitoring information from the recorder or replacing it weekly.
- In two of the three locations we sampled, Mamawetan did not regularly maintain the storage fridges.

Not following the recommended storage procedures increases the risk that the vaccines may be stored outside of the recommended temperature range. Not storing vaccines within recommended temperature ranges increases the risk of them being ineffective. Ineffective vaccines could result in Mamawetan having to cancel immunization clinics due to loss of vaccines, resulting in lost opportunities to immunize. It also increases the risk that Mamawetan is unknowingly giving recipients ineffective vaccines, which would increase the recipients' susceptibility of acquiring an infection.

2. **We recommend that the Provincial Health Authority properly store vaccines as required by the Saskatchewan Immunization Manual.**

## 4.4.2 More Monitoring of Vaccine Inventory Needed

Mamawetan does not reconcile vaccine inventory on-hand to the quantity in its records of vaccine on hand (Panorama).

Once a month, Public Health Nurses physically count the vaccines in the storage fridges. They record the quantity counted of each vaccine. However, no one compares the quantity counted to the quantity recorded in Mamawetan's records. Rather Mamawetan records are only adjusted to reflect the amount counted.

Physically counting inventory (like vaccines) periodically and comparing counts to records helps agencies to make sure their records are complete and accurate. In addition, it provides key information to help agencies manage stock levels. Furthermore, it helps identify loss and potential theft of vaccines.

Not reconciling the amount on hand to the amount expected (as reflected in Panorama) increases the risk that vaccines could have gone missing without notice. It also increases the risk that Mamawetan may acquire vaccines it does not need.

3. **We recommend that the Provincial Health Authority regularly reconcile its on-hand vaccine inventory to quantities recorded in its records.**

## 4.4.3 Emergency Event Recovery Plans Needed

Mamawetan staff were not aware of the requirements for handling emergency events related to vaccines, and did not have an emergency event recovery plan as required.

The Manual requires every facility that stores vaccines to have a written emergency event recovery plan. The plan is to protect the vaccine inventory in situations that may compromise the vaccine storage conditions (e.g., power outages, natural disasters). It requires staff at each facility to update the plan annually.

Staff indicated that if there was an emergency, they use an informal chain of command for who to call. However, staff were unaware of the other requirements of the emergency event recovery plan. These other requirements include:

- Arranging an alternative storage facility with backup power where the vaccines can be properly stored and monitored for the interim
- Having written procedures for transporting the vaccines to and from the alternative storage facility, and for entering the facility and vaccine storage spaces in an emergency if the facility is closed or it is after hours

Not having a complete emergency event recovery plan, and staff fully aware of all plan requirements, increases the risk that vaccines are not properly protected. It also increases the risk of Mamawetan incurring monetary losses in the event of an emergency through loss of vaccine inventory.

4. **We recommend that the Provincial Health Authority document and make staff aware of emergency event recovery plans as required by the Saskatchewan Immunization Manual.**

### 4.4.4 Information Properly Communicated Prior to Immunizing

Public Health Nurses are trained and knowledgeable about delivering immunizations. They properly inform the vaccine recipient and/or parent about the benefits and risks of receiving the vaccine. Public Health Nurses receive consent prior to immunizing.

Mamawetan has a robust orientation program for its Public Health Nurses delivering immunizations. Mamawetan uses the immunization competency review exam and skills checklist for immunization to assesses the knowledge of new Public Health Nurses. It grants new Public Health Nurses with suitable knowledge about immunizations an authorization to immunize certificate. It requires Public Health Nurses to obtain recertification each year.

We found that all six Public Health Nurses received the certification to immunize.

As part of receiving informed consent of vaccine recipients and/ or parents, Public Health Nurses provide them with fact sheets to describe the infection (e.g., chicken pox, pertussis), symptoms, who are at risk, how to prevent the infection, and how it is treated.

For the children's immunization records we sampled, the Public Health Nurse received consent prior to immunizing in all cases and entered in all the required immunization information into Panorama.

### 4.4.5 Adverse Events Following Immunizations

Mamawetan had no adverse events following immunizations in 2015-16.

In some cases, children may react to a vaccine. Reactions can be mild (e.g., rashes, headache, fatigue) to severe (e.g., constriction of the airways).

The Manual describes what the Public Health Nurse must do in these situations. It also requires them to report it to the Region's Medical Health Officer.

## 4.5 Reporting of Incidents Occurring as Required

### 4.5.1 Cold Chain Breaks Properly Reported

Mamawetan properly reports all identified cold chain breaks.

As noted in **Section 4.4.1**, Mamawetan must store vaccines within a recommended temperature range. Vaccine stored outside of this range is referred to as a cold chain break. When a cold chain break occurs, Public Health Nurses must fill out the cold chain break report form (a standard form). The form includes:

- Date break discovered
- Location of break (e.g., during transfer or in a storage fridge)
- Description of the break
- Cause of the break
- Corrective action taken
- List of vaccines affected

The Immunization Co-ordinator receives and reviews the reports, and submits the reports to the Ministry of Health. The Ministry advises Mamawetan whether the vaccine is still okay to use or must be discarded.

From February 1, 2016 to January 31, 2017, Mamawetan had five reported cold chain breaks. We reviewed all cold chain break reports. All were properly filled out with the Ministry of Health's response attached.

### 4.5.2 Safety Reports Completed

Mamawetan follows its policy to report incidents using its client safety report form.

Mamawetan's policy requires staff to report and investigate all incidents involving patients, clients, residents, and visitors. Incidents include things such as immunization errors and cold chain breaks.

In 2016-17,[20] one-half (i.e., 13) of the total number of the incidents related to immunization services. We found that staff properly filled out safety reports, appropriate staff reviewed them, and staff took actions to address the issues. We also noted that none of the incidents reported resulted in harm to the individuals involved.

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[20] April 1, 2016 to January 20, 2017.

## 4.6 Limited Reporting to the Board

The Board receives limited information on how well it delivered its immunization services.

The information the Board receives is limited to the number of individuals not receiving immunizations when expected. For example, at two meetings, the Board received this information for the region as a whole. The reports explained fluctuations in the numbers (e.g., staffing issues).

At four meetings, the Board received information about overdue clients by community with some trends identified. However, it did not receive analysis on these trends.

The Board does not receive any information on the immunization coverage rates for the region or by community, or whether the Region's immunization coverage rates meet the Region's target. As noted in **Section 4.3.2**, Mamawetan is not achieving its target immunization coverage rates.

Without adequate reporting, the Board can not determine whether Mamawetan's immunization services are effective (is it providing the right level of services in the right locations) and it may not make informed decisions about the Region's immunization services.

5. **We recommend that the Provincial Health Authority periodically give its Board coverage rate information as it relates to provincially funded childhood immunizations.**

# 5.0 MAMAWETAN CHILDHOOD IMMUNIZATION 2014 COVERAGE RATES AS COMPARED TO PROVINCIAL COVERAGE RATES

The table below compares Mamawetan and the province's average childhood immunization coverage rates by each type of vaccine and age group for 2014. 2014 was the most current comparative information available at February 2017. We obtained the information below from Saskatchewan's centralized immunization IT system.

The blue shaded cells reflect areas where Mamawetan's coverage rate is lower than the provincial average.

| Vaccine | Age Group (number of recommended doses by that age) | Saskatchewan Coverage Rate % (2014) | Mamawetan Coverage Rate % (2014) |
|---|---|---|---|
| Diphtheria | 2 years (4 doses) | 75.7 | 70.9 |
| | 7 years (5 doses) | 78.0 | 82.9 |
| | 17 years (6 doses) | 75.1 | 54.7 |
| Haemophilus influenza type b | 3 months (1 dose) | 84.1 | 71.0 |
| | 5 months (2 doses) | 73.7 | 55.1 |
| | 8 months (3 doses) | 76.2 | 59.6 |

| Vaccine | Age Group (number of recommended doses by that age) | Saskatchewan Coverage Rate % (2014) | Mamawetan Coverage Rate % (2014) |
|---|---|---|---|
| Hepatitis B | 13 years (2 doses) | 81.9 | 59.6 |
| | 15 years (3 doses) | 71.6 | 41.9 |
| | 17 years (2 doses) | 89.7 | 72.8 |
| Human Papilloma Virus (HPV) | 13 years (3 doses) | 72.8 | 56.0 |
| | 15 years (3 doses) | 78.5 | 69.5 |
| | 17 years (3 doses) | 75.4 | 67.2 |
| Measles | 2 years (2 doses) | 75.9 | 74.4 |
| | 7 years (2 doses) | 91.1 | 95.3 |
| | 17 years (2 doses) | 96.5 | 93.0 |
| Meningococcal serogroup C | 2 years (1 dose) | 87.8 | 91.9 |
| | 7 years (1 dose) | 93.1 | 96.4 |
| | 17 years (1 dose) | 91.3 | 72.8 |
| Mumps | 2 years (2 doses) | 75.6 | 74.4 |
| | 7 years (2 doses) | 90.7 | 94.9 |
| | 17 years (2 doses) | 89.5 | 71.6 |
| Pertussis (i.e., whooping cough) | 2 years (4 doses) | 75.7 | 70.9 |
| | 7 years (5 doses) | 77.8 | 82.5 |
| | 17 years (6 doses) | 74.3 | 54.7 |
| Pneumococcal | 3 months (1 dose) | 84.0 | 71.8 |
| | 5 months (2 doses) | 73.5 | 55.1 |
| | 8 months (2 doses) | 87.7 | 88.0 |
| Polio | 2 years (4 doses) | 75.5 | 70.9 |
| | 7 years (4 doses) | 85.5 | 90.2 |
| | 17 years (4 doses) | 91.1 | 80.7 |
| Rotavirus | 3 months (1 dose) | 81.1 | 68.5 |
| | 5 months (2 doses) | 70.2 | 52.7 |
| | 8 months (2 doses) | 80.7 | 72.3 |
| Rubella | 2 years (2 doses) | 75.6 | 74.4 |
| | 7 years (2 doses) | 90.7 | 95.3 |
| | 17 years (2 doses) | 96.2 | 93.0 |
| Tetanus | 2 years (4 doses) | 75.7 | 70.9 |
| | 7 years (5 doses) | 78.0 | 82.9 |
| | 17 years (6 doses) | 75.2 | 54.7 |
| Varicella | 2 years (2 doses) | 74.9 | 74.4 |
| | 7 years (1 dose) | 89.4 | 90.5 |
| | 17 years (1 dose) | 20.2 | 19.8 |

Source: Ministry of Health, Vaccine Preventable Monitoring Reports based on data in the Saskatchewan Immunization Management System (SIMS). Data does not include vaccines delivered out of province or by First Nations Communities who declined to use SIMS. As such, immunization data should not be viewed as complete.

## 6.0 LIST OF PROVINCIALLY FUNDED CHILDHOOD VACCINES

**Childhood Immunization Schedule**

| Age/Grade Child Should Receive Immunization | Vaccines |
|---|---|
| 2 months | DTaP-IPV-Hib (Diphtheria, Tetanus, acellular Pertussis, inactivated Polio, Haemophilus influenza type b)<br>Pneumococcal conjugate 13<br>Rotavirus |
| 4 months | DTaP-IPV-Hib (Diphtheria, Tetanus, acellular Pertussis, inactivated Polio, Haemophilus influenza type b)<br>Pneumococcal conjugate 13<br>Rotavirus |
| 6 months | DTaP-IPV-Hib (Diphtheria, Tetanus, acellular Pertussis, inactivated Polio, Haemophilus influenza type b) |
| 12 months | MMRV (Measles, Mumps, Rubella, Varicella)<br>Meningococcal conjugate C<br>Pneumococcal conjugate 13<br>Hepatitis A[A] |
| 18 months | DTaP-IPV-Hib (Diphtheria, Tetanus, acellular Pertussis, inactivated Polio, Haemophilus influenza type b)<br>MMRV (Measles, Mumps, Rubella, Varicella)<br>Hepatitis A |
| 4-6 years | DTaP-IPV (Diphtheria, Tetanus, acellular Pertussis, inactivated Polio) |
| Grade 6 | Hepatitis B<br>Meningococcal conjugate ACYW-135<br>HPV (Human Papillomavirus) (girls only)<br>Varicella |
| Grade 8 | Tdap (Tetanus, Diphtheria, acellular Pertussis) |

Source: Ministry of Health, Routine Immunization Schedule 2016.

[A] People born since January 1, 1982, who live in Keewatin Yatthé, Athabasca, or Mamawetan Churchill River health authorities or on reserves in Saskatchewan (excluding Creighton, Air Ronge, and La Ronge) receive hepatitis A vaccine regardless of where they are accessing services (e.g., RHA or First Nations jurisdiction).

## 7.0 GLOSSARY

**Diphtheria** – A serious bacterial infection of the nose and throat which can result in severe breathing problems, heart failure, and paralysis.

**Haemophilus influenza type b** – A bacterial infection that can cause serious and life-threatening infections of the lining that covers the brain, the blood, and the throat. Despite the name, it is not the same as influenza.

**Hepatitis A** – A virus that infects the liver that can cause fatigue, nausea and jaundice (yellowish discoloration of the skin).

**Hepatitis B** – A virus that infects the liver that can cause permanent scarring and damage, liver cancer, and death.

**Human papillomavirus (HPV)** – A common sexually transmitted infection that can cause mouth, nose, throat, anal, cervical, vaginal, and penile cancers.

**Measles** – A virus that causes a fever, rash, and cold-like symptoms, and can cause ear infections and pneumonia. Severe cases can lead to seizures, deafness, or permanent brain damage.

**Meningococcal disease** – A bacterial disease that causes serious, life-threatening infections including meningitis and septicemia. Complications include limb amputation, permanent hearing loss, permanent brain damage, seizures, and skin scarring.

**Mumps** – A virus that causes a fever and swelling of the salivary glands. Severe cases can lead to permanent brain damage.

**Pertussis** – Also called whooping cough. A serious bacterial infection of the lungs and throat which can cause pneumonia, convulsions, brain damage, or death.

**Pneumococcal disease** – A bacterial disease that can cause serious and life-threatening infections in the lungs, the lining that covers the brain, and the blood.

**Polio** – A disease caused by a virus which can result in paralysis of arms or legs and even death.

**Rotavirus** – A virus that causes severe diarrhea in babies and young children.

**Rubella** – A virus that causes a fever, a rash, swollen lymph glands, and joint pain.

**Tetanus** – Also called lockjaw, which causes painful tightening of muscles all over the body.

**Varicella** – Also called chicken pox. A virus that causes a fever and an itchy rash with blisters. Complications include bacterial skin, soft tissue and bone infections; blood infections; pneumonia; flesh eating disease; and stroke.

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# Chapter 10
# Regina Qu'Appelle Regional Health Authority—Efficient Use of MRI

## 1.0 MAIN POINTS

Regina Qu'Appelle Regional Health Authority (RQHR) operates two magnetic resonance imaging (MRI) machines at the Regina General Hospital. In addition, it contracts with two private MRI operators to provide a combined 5,560 MRI scans per year. RQHR strives to serve 15,500 MRI patients a year. In 2016, RQHR served 11,981 MRI patients.

At December 31, 2016, RQHR had 2,610 patients waiting for a MRI. Over half of them expected to receive a MRI scan within 30 days (i.e., categorized as semi-urgent—level 3), but waited an average of 76 days.

This chapter reports the results of our audit of RQHR's processes for the efficient use of MRIs. RQHR needs to make improvements in the following areas. It needs to:

- Track accurate and key data about MRI services in its IT system and regularly analyze this data to determine causes of significant waits. Identifying the causes would provide a basis for strategies to reduce the length of time patients wait for MRI scans.

- Formally assess the quality of MRI services that radiologists provide (e.g., interpretation of scans). Accurate interpretations of MRI scans are crucial to proper diagnosis and treatment for patients.

- Regularly monitor the selection, volume, timeliness, and quality of MRI scans that contracted private MRI operators receive and do. Regular monitoring can help ensure contracted private operators' prioritization methods for providing MRI services align with the wait-time guidelines and identify any concerns with their capacity.

- Periodically give its Board reports on the timeliness and quality of MRI services. Such reports would help the Board monitor whether shortfalls are appropriately addressed.

Timely and quality MRI services facilitate appropriate diagnosis and help improve patients' outcomes.

## 2.0 INTRODUCTION

RQHR is one of the province's largest regional health authorities (RHAs), serving a population of over 287,000 and acting as a tertiary healthcare provider[1] for about half a million people.[2] It provides the majority of its services to residents of southern Saskatchewan.

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[1] Tertiary services consist of complex health care procedures provided in a health facility with highly-trained specialists and often advanced technology.

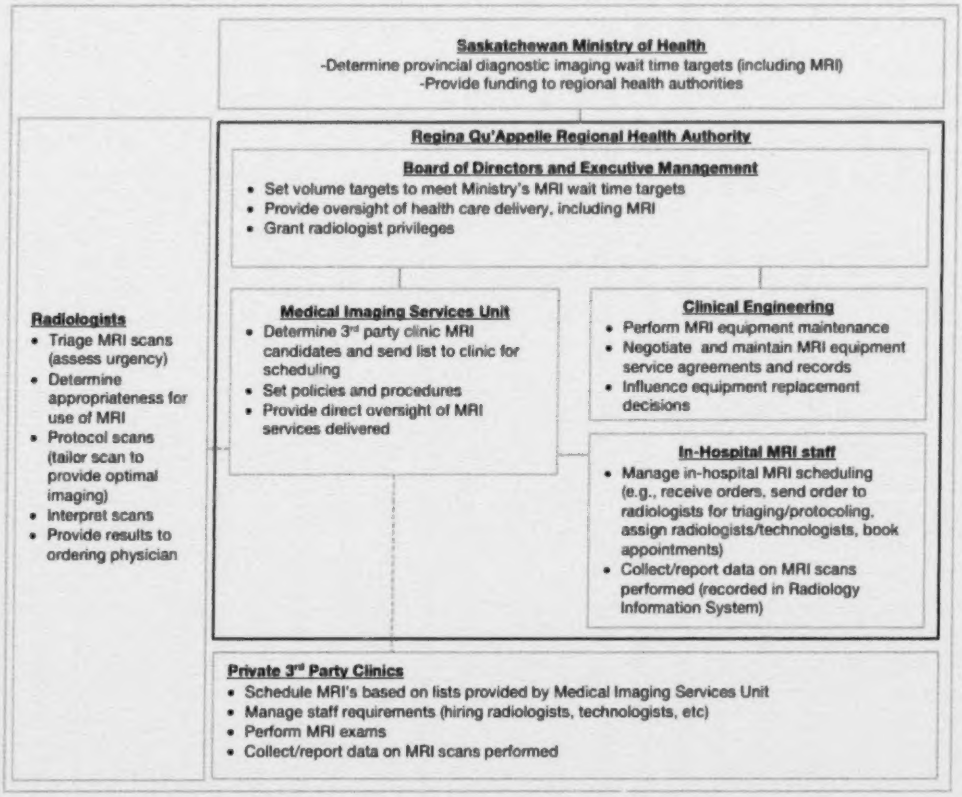
[2] Regina Qu'Appelle Health Region, *2015/2016 Annual Report*, p. 10.

As part of their mandates, RHAs provide diagnostic imaging services[3] including MRIs within their health regions. At March 2017, four RHAs provided MRI services within Saskatchewan. RQHR has two MRI machines and contracts with two private MRI operators, Saskatoon Regional Health Authority has four MRI machines, Five Hills Regional Health Authority has one MRI machine, and Prairie North Regional Health Authority has a contract with Alberta Health and Lloydminster Medical Imaging to provide MRI services to Saskatchewan residents in Lloydminster.

## 2.1 MRI Services in RQHR

**Figure 1** shows how the MRI service delivery model generally works within RQHR. The Medical Imaging Services Unit at the Regina General Hospital directly oversees delivery of MRI services provided either in-hospital or at contracted private MRI operators.

**Figure 1—RQHR MRI Service Delivery Model**



**Saskatchewan Ministry of Health**
-Determine provincial diagnostic imaging wait time targets (including MRI)
-Provide funding to regional health authorities

**Regina Qu'Appelle Regional Health Authority**

**Board of Directors and Executive Management**
- Set volume targets to meet Ministry's MRI wait time targets
- Provide oversight of health care delivery, including MRI
- Grant radiologist privileges

**Medical Imaging Services Unit**
- Determine 3rd party clinic MRI candidates and send list to clinic for scheduling
- Set policies and procedures
- Provide direct oversight of MRI services delivered

**Clinical Engineering**
- Perform MRI equipment maintenance
- Negotiate and maintain MRI equipment service agreements and records
- Influence equipment replacement decisions

**In-Hospital MRI staff**
- Manage in-hospital MRI scheduling (e.g., receive orders, send order to radiologists for triaging/protocoling, assign radiologists/technologists, book appointments)
- Collect/report data on MRI scans performed (recorded in Radiology Information System)

**Radiologists**
- Triage MRI scans (assess urgency)
- Determine appropriateness for use of MRI
- Protocol scans (tailor scan to provide optimal imaging)
- Interpret scans
- Provide results to ordering physician

**Private 3rd Party Clinics**
- Schedule MRI's based on lists provided by Medical Imaging Services Unit
- Manage staff requirements (hiring radiologists, technologists, etc)
- Perform MRI exams
- Collect/report data on MRI scans performed

Source: Provincial Auditor of Saskatchewan, December 2015.

*The MRI Facilities Licensing Act* came into force on February 29, 2016. The Act gave residents the option of personally paying for MRI services through a licensed private operator. The Act requires private operators to provide a free MRI scan to an individual on the public MRI wait list, for each scan personally paid for by residents (i.e., One-for-One model).

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[3] Diagnostic imaging services includes MRI, computerized tomography (CT), x-ray, ultrasound, and mammography.

At March 1, 2016, two private operators were licensed by the Ministry of Health to provide privately paid MRI services. The two licensed private operators are the same two private MRI operators contracted by RQHR. RQHR is responsible for referring patients from its MRI wait list to the private operators for scanning.

## 2.2 Importance of MRI Services

MRIs are a non-invasive diagnostic tool for physicians. A MRI is an imaging test that uses powerful magnetic forces and radio-frequency waves to make detailed three-dimensional pictures of organs, soft tissues, bone, and most other internal body structures.

Efficient use of MRI services can support timely diagnosis and monitoring of injuries and disease. Effective MRI services involves physicians appropriately using MRIs as diagnostic tools, patients receiving quality scans within an appropriate timeframe, and physicians obtaining the reliable interpretations of the scans within a reasonable timeframe.

Research shows that long waits for health care services can contribute to declines in health status and impact the health care system overall.[4] In addition, untimely access to diagnostic imaging services such as MRIs can increase patient stress and anxiety while waiting for health care services.

Communicating timely and quality MRI results reduces patient stress, avoids unnecessary referrals, and saves costs.[5] Furthermore, it facilitates timely and appropriate treatment or further diagnosis and testing, as needed, to help improve patient outcomes.

# 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess whether the Regina Qu'Appelle Regional Health Authority had effective processes for the efficient use of magnetic resonance imaging for the period of February 1, 2016 to January 31, 2017.

We did not examine physicians' decisions to request MRI scans for patients or radiologists' interpretations of MRI scans.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate RQHR's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. RQHR's management agreed with the criteria (see **Figure 2**).

We examined RQHR's policies and procedures, contracts, checklists, reports, and other data related to MRI services. We examined the scheduling and delivery process for a sample of MRI scans completed at Regina General Hospital and by contracted MRI private operators.

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[4] Health Care in Canada, *A Focus on Wait Times*, (2012), https://secure.cihi.ca/free_products/HCIC2012-FullReport-ENweb.pdf. (8 January 2016).
[5] www.ncbi.nlm.nih.gov/pmc/articles/PMC2576308/ (8 January 2016).

Figure 2—Audit Criteria

1. **Plan for the efficient use of MRI**
    - 1.1 Assign responsibility for managing, monitoring, and reporting on MRI services
    - 1.2 Understand supply and demand for MRI services
    - 1.3 Set guidelines for the use of MRI services (e.g., scheduling standards, usage expectations, maintenance requirements)
    - 1.4 Communicate guidelines
    - 1.5 Determine factors inhibiting MRI services
2. **Schedule use of MRI equipment based on set standards**
    - 2.1 Maintain timely radiologist triage (i.e., determining appropriateness/urgency) and protocoling (i.e., tailor scan to provide optimal imaging)
    - 2.2 Provide timely bookings (e.g., time from protocoling to time of booking)
    - 2.3 Allocate patients to in-hospital and private clinics
    - 2.4 Modify schedule when circumstances change (e.g., cancellations, change in patient's condition)
3. **Deliver MRI scans**
    - 3.1 Maintain quality assurance processes (e.g., equipment maintenance, trained operators)
    - 3.2 Implement actions to address factors inhibiting MRI services
    - 3.3 Give ordering physician MRI test results in a timely manner
4. **Monitor performance of MRI**
    - 4.1 Systematically collect performance information on MRI services (e.g., utilization, wait times, quality of scans)
    - 4.2 Compare results to performance target
    - 4.3 Take action to address areas where performance falls short of target
    - 4.4 Report to senior management and Board on key information

**We concluded that for the 12-month period from February 1, 2016 to January 31, 2017, Regina Qu'Appelle Regional Health Authority had, other than the following, effective processes for the efficient use of magnetic resonance imaging. Regina Qu'Appelle Regional Health Authority needs to:**

- **Confirm the accuracy of data and track key dates in its IT system to support analysis of MRI services**
- **Analyze MRI data regularly to determine causes of significant waits**
- **Formally assess the quality of MRI services provided by radiologists**
- **Regularly monitor the selection, volume, timeliness, and quality of MRI scans provided to and by contracted private operators**
- **Provide its Board with periodic reporting on the timeliness and quality of MRI services and actions taken to address issues**

In January 2017, the Government of Saskatchewan announced that it plans to consolidate the 12 regional health authorities, including Regina Qu'Appelle Regional Health Authority, into one Provincial Health Authority by the fall of 2017. As a result, we have directed our recommendations to the Provincial Health Authority. Once formed, the Provincial Health Authority is to assume responsibility for delivering MRIs in the Regina Qu'Appelle health region.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 2**.

## 4.1 Clear Wait-Time Guidelines for MRIs Set

RQHR has adopted the Ministry of Health MRI wait-time guidelines. RQHR used the guidelines to prioritize its MRI services.

The guidelines base the suggested length of patient wait on urgency for MRI imaging—patients assessed as having more medically urgent conditions are to receive MRI scans before those with lesser medically urgent conditions.

As shown in **Figure 3**, the wait-time guidelines include four urgency levels. Each level is assigned a suggested number of days in which to provide a MRI scan.

**Figure 3—MRI Wait-Time Guidelines**

| Level | Wait Time Guideline | Example |
|---|---|---|
| 1. Emergency | Within 24 hours | Traumatic spinal cord injuries and brain hemorrhage |
| 2. Urgent | 2-7 days | Suspected brain lesions and chest tumors |
| 3. Semi-Urgent | 8-30 days | Spine lesions and congenital heart disease |
| 4. Non-Urgent | 31-90 days | Chronic joint pain and investigation of dementia |

Source: www.saskatchewan.ca/residents/health/accessing-health-care-services/medical-imaging/medical-imaging-wait-times (8 January 2016).

## 4.2 Better Analysis of MRI Services Data Needed

MRIs play a vital role in accurate and timely diagnosis of medical conditions. RQHR is not effectively analyzing data on its MRI services to identify and address the causes of delays.

**MRI Demand Outpacing RQHR Provision of Services**

RQHR did not meet its demand for all MRI scans requested in the 2016 calendar year. This resulted in patients waiting more days than the MRI guidelines suggest.

At December 31, 2016, RQHR had 2,610[6] patients waiting for MRI—an increase of 98 from March 31, 2016 (March 31, 2016: 2,512).[7] Saskatchewan introduced a One-for-One model in March 2016 (resulted in 1,192 public MRI scans between March and December 2016). See **Section 4.8** for details.

RQHR operates two permanent MRI machines located in the Regina General Hospital. RQHR strives to operate the machines 16 hours per day 5 days per week and 8 hours per day on Saturday and Sunday. Each of RQHR's MRI machines can perform approximately 5,500 – 6,500 MRI scans per year. Time for a MRI scan varies based on the type of scan and complexity of the case. A MRI test can take up to two hours depending on the area being scanned. RQHR management indicated that one of its MRI machines has passed its expected life, affecting the machine's throughput (scans per operating hour). This in turn impacts RQHR's ability to meet its accountability target of 15,500 MRI scans per year.

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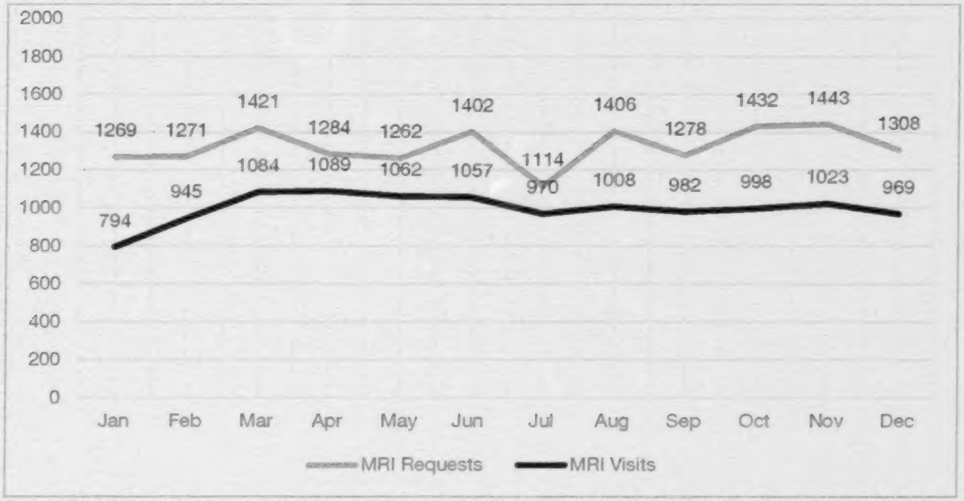
[6] Based on data on www.saskatchewan.ca/residents/health/accessing-health-care-services/medical-imaging/medical imaging-wait-times (8 March 2017).

[7] Ibid.

RQHR has contracts with two private MRI operators for a combined 5,560 MRI scans per year. A contracted scan can range in cost from $475 to $815 per scan. RQHR can use these operators for more scans if needed.

In 2016, RQHR received 15,890 MRI requests from physicians, and RQHR (either directly or through contracted private operators) served 11,981 MRI patients (i.e., MRI visits).[8] As shown in **Figure 4,** for each month in 2016, the number of requests for MRI scans in RQHR exceeded the number of MRI visits. The number of MRI visits does not include MRI visits under the One-for-One model. See **Figure 6** for the number of MRI visits at contracted private operators.

**Figure 4—Monthly MRI Volumes (Requests and Visits) from January 2016 to December 2016**



Source: Based on data on www.saskatchewan.ca/residents/health/accessing-health-care-services/medical-imaging/medical imaging-wait-times (8 March 2017).

RQHR uses an IT system called Radiology Information System (RIS) to track key information about the use of its MRI services. For example, RIS tracks for each MRI scan:

- Date RQHR received a physician's order/request for a MRI scan (usually by fax from a physician)
- Date either RQHR or private operator booked the patient for a MRI scan
- Rescheduled dates of MRI scan bookings
- Date the patient checked in for the MRI scan (i.e., date scan was completed)

As noted in **Section 4.4**, we found that information captured in this system was not always accurate.

In our review of information in RIS at December 20, 2016, we noted that 2,809 patients were waiting for MRI scans. We found physicians/radiologists[9] had classified the urgency of almost all of these patients as semi to non-urgent (i.e., level 3 or level 4 urgency). Over one-third of them were waiting for scans related to the brain or arthrograms (i.e., scans of a joint after dye has been injected into the joint). About one-third of these patients had waited for more than 90 days (the longest wait-time guideline is 90 days). Almost one-tenth of these patients had waited over one year.

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[8] Requests are the number of patient requisitions from physicians. A patient can receive one or more MRI scans during a visit.
[9] Radiologists may revise a physician's assessment of urgency level upon their receipt of the request.

At March 2017, RQHR began compiling its wait list by MRI scan type to try to identify areas of delay.

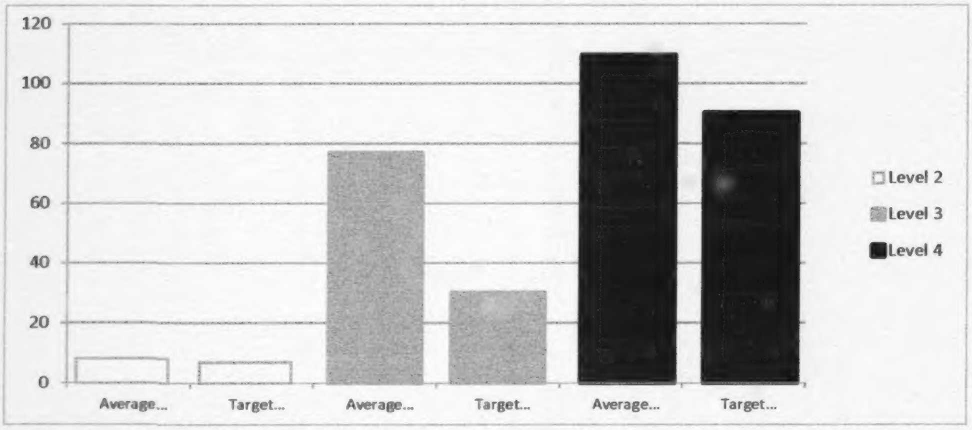
### Guidelines Not Met for Patients Assessed as Semi-Urgent or Non-Urgent

As shown in **Figure 5**, as of December 31, 2016, while RQHR almost met the suggested wait times for patients assessed as urgent (level 2 MRI scans), on average, patients assessed as semi- to non-urgent waited longer than the suggested wait times.

At December 31, 2016, over one-half of RQHR patients waiting for MRIs were assessed as semi-urgent (level 3). At that time, non-emergency RQHR patients waited on average:

- 76.6 days for a semi-urgent MRI scan (level 3)—more than 2 times longer than the urgency classification guideline of 30 days
- 109.5 days for a non-urgent MRI scan (level 4)—19.5 days longer than the urgency classification guidelines of 90 days

**Figure 5—MRI Scan Wait-Time Summary for RQHR (As of December 2016)**



Source: www.saskatchewan.ca/residents/health/accessing-health-care-services/medical-imaging/medical imaging-wait-times (8 March 2017). Level 1 data is not provided on the website.

### Limited Analysis of MRI Services Data

RQHR did not regularly (e.g., monthly, quarterly) assess causes of delays in providing MRIs or why it did not meet MRI demand.

In 2015-16, it participated in a study of the appropriateness of requests for MRI scans. RQHR, in conjunction with the Ministry of Health and Saskatoon Regional Health Authority, reviewed the appropriateness of requests for MRI scans of the lumbar spine. The review highlighted issues with the overuse (i.e., excessive MRI demand) of lumbar spine MRI scans. To help physicians determine whether a MRI is the appropriate diagnostic tool in these cases, they developed a criteria checklist. The checklist sets out certain indications to consider before physicians request lumbar spine MRI scans. We noted the checklist was in use.

However, RQHR was not doing analysis of its data about the MRI services it provides. For example, it did not analyze the length of time between when physicians order a MRI scan and when a MRI scan is booked to determine reasons for delays. For two emergency (level 1) MRI scans we tested, the time between the request and the booking was 1 and 10 days past the 24-hour suggested guideline. RIS contained no explanation for the delays. RIS requires additional information to support effective analysis—see **Section 4.3** for detail.

Systematic analysis of MRI data is a first step to enable identification of root causes for delays or inability to meet demand. Such analysis provides a basis for developing strategies to reduce the length of time patients wait for MRI scans and use of MRI as an effective diagnostic tool.

1. **We recommend that the Provincial Health Authority regularly analyze MRI data to determine causes of significant waits of patients for MRI services.**

RQHR has a Patient Advocacy Office that receives complaints about MRI services (e.g., waiting a long time for a MRI scan). The Patient Advocacy Office works with management responsible for MRI services to resolve the concerns raised. There were 72 complaints for MRI services between January 2016 and December 2016, largely around access to services, client care, and communication.

## 4.3 Need Additional Information to Help Identify Causes of MRI Wait Times

Although RQHR tracks certain key information in RIS about the provision of its MRI services, it does not track certain other data that could be useful in determining causes of waits.

As shown in **Section 2.1**, providing MRI service includes various steps and involves many different parties (e.g., patients, physicians, radiologists, RQHR scheduling staff). Using an IT system such as RIS to track key information about each of these steps would facilitate analysis of information on an overall or segmented basis. RQHR does not track in RIS the following information:

- The date that the radiologist completes MRI triaging and the date that the radiologist completes protocoling[10]—this would help RQHR assess the timeliness of radiologists in completing these steps.
- The date that RQHR sent the request for a MRI scan to the private MRI operator—this would help RQHR assess the timeliness of private MRI operators in completing MRI scans.

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[10] Protocoling is assessing the request for a MRI scan to determine optimal type of imaging required.

- The reasons for rescheduling MRI scans after booking—this would help RQHR assess whether the patient, the private operator, or RQHR requested the rescheduling. We found RQHR has identified the need to record the nature of changes made to MRI booking information in RIS.

Having RIS track information to support the determination of causes of MRI delays will, in turn, assist in the development of actions to reduce MRI wait times. Without sufficient information on the dates of various stages of MRI services, RQHR cannot develop targeted strategies to address the causes of MRI service delays.

**2. We recommend that the Provincial Health Authority track actual dates of each stage of MRI services and reasons for rescheduling MRI appointments to help it determine the causes of significant waits of patients for MRI services.**

## 4.4 Information in IT System to Track MRI Services Not Always Accurate

RQHR does not always track accurate information about each MRI service in RIS.

RQHR staff use information in RIS to manage the provision of MRI services. For example, staff use information in RIS to schedule MRI scans for patients, refer patients to private operators, and determine and report on wait times.

Our testing of MRI scans identified the following areas where RIS did not have accurate data:

- For four MRI scans we tested, the dates of the physician's order for the MRI scan recorded in RIS were inaccurate—the dates entered were 6 to 11 days later than the actual request dates. Inaccurate physician order dates results in inaccurate MRI wait times. For these four instances, RQHR reported a shorter wait time than actual.
- For four MRI scans we tested, RIS was not updated within a reasonable time to record the second MRI scans provided under the One-for-One model (see **Section 4.8**)—not recorded until a month after the patient received the scan. Not updating RIS for scans provided through the One-for-One model within a timely manner means RQHR could be wasting time scheduling a patient for a MRI scan who has already received one. It could also mean that less patients are on its wait list than RIS reports.

Accurate information is vital to effective decision-making. Without accurate data in RIS, there is a risk that the public may lose confidence in the MRI wait times reported publicly and RQHR may make incorrect decisions about MRI services.

**3. We recommend that the Provincial Health Authority validate the accuracy of MRI services data in its Radiology Information System.**

## 4.5 Limited Review of Radiologist Interpretations

**RQHR informally monitors the quality and timeliness of radiologist interpretations of MRI scans but does not track the results of its informal monitoring.**

Radiologists carry out MRI scans at the request of physicians (see **Section 2.1** for overview of RQHR MRI service delivery model). RQHR radiologists provide various services including MRI triage[11] and protocoling. Once the radiologist protocols the MRI scans, RQHR scheduling staff contact patients to book appointments for MRI scans. Once scans are complete, radiologists interpret the scans and give MRI scan results to the ordering physicians.

The RQHR Head of Radiology monitors the monthly volume of MRI scans read by radiologists who provide services to the region (i.e., at the Regina General Hospital). He does not formally monitor the quality or timeliness of radiologist interpretations of scans.

Rather RQHR relies on the College of Physicians and Surgeons to license only those radiologists with appropriate medical education and sufficient supervised practical experience. Its contracts with private operators require the operators to also only hire radiologists licensed by the College.

RQHR bylaws require that it grant privileges only to radiologists licensed by the College of Physicians and Surgeons. Each year, the RQHR Board reviews and grants radiologists the privilege to provide radiologist services within the region (i.e., at the Regina General Hospital). At January 2017, RQHR had granted privileges to approximately 60 radiologists.

RQHR relies on informal peer review and feedback about radiologist interpretations of MRI scans. It noted this often occurs daily on an ad hoc basis. It may also occur when a radiologist is preparing a MRI imaging report and comparing it with another radiologist's previous imaging examination and report. It does not track these reviews or feedback.

RQHR does not formally track problems or concerns with the quality of radiologists' work either as whole or by radiologist. Rather it takes a learning and coaching perspective. For example, RQHR indicated it recently implemented monthly discussions about interesting or difficult cases as a learning opportunity among radiologists. It does not keep notes from these discussions.

In addition, RQHR does not formally assess, on a periodic basis, the quality of the interpretations for a sample of MRI scans. For example, a second radiologist could assess the quality and interpretation of the image of the original radiologist. This approach is often referred to as a quality assurance program.

The contracts with private operators require the operator to conduct quality audits of radiologist reporting. RQHR does not receive formal reporting on these quality audits. See **Recommendation 6**.

Tracking key information about the quality of the work of radiologists providing RQHR with MRI services on an overall basis and by radiologist would help it know whether they provide reliable MRI services. Accurate interpretation of MRI scans can be crucial to proper diagnosis and treatment plans for patients.

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[11] MRI triaging is confirming urgency of scan needed—that is, deciding whether the radiologist agrees with the urgency classification the physician made.

**4. We recommend that the Provincial Health Authority formally and systematically assess the quality of MRI services that radiologists provide.**

For all MRI scans we tested (done at Regina General Hospital or by private operators), RQHR made results available to requesting physicians within a reasonable timeframe. For scans we tested, RQHR transcribed the radiologist reports and sent a draft report to the physician within two days, and a final report to the physician within a week or less. This suggests radiologists are interpreting MRI scans and sharing the results of their interpretation with RQHR within a reasonable timeframe.

## 4.6 MRI Machines Properly Maintained

RQHR properly maintains its MRI machines and requires contracted private operators to properly maintain their machines.

The Ministry licenses the private operators. Licensing requirements require the operators to service MRI machines at regular intervals in accordance with manufacturers' recommendations.

Having MRI machines that provide quality MRI images is critical for appropriate MRI interpretations by radiologists and accurate diagnosis. See **Recommendation 4**.

RQHR's Clinical Engineering Department is responsible for servicing and maintaining the two in-hospital MRI machines. RQHR has service agreements with the vendors of these machines, including preventative maintenance schedules.

We found both machines had preventative maintenance consistent with the minimum levels set out in preventative maintenance schedules (i.e., performed four times in 2016-17).

## 4.7 Monitoring of MRI Services of Contracted Private Operators Needed

RQHR does not sufficiently monitor the quality and timeliness of MRI services that contracted private operators provide.

**Figure 6** shows RQHR's use of contracted MRI private operators over the last three years. It did not fully utilize its contracted capacity in 2014-15 and the seven-month period from April 2016 to October 2016.

**Figure 6—MRI Capacity and MRI Visits at Contracted Private MRI Operators**

| | 2014-15 | 2015-16 | April 2016 - October 2016 (7 months) |
|---|---|---|---|
| Contracted Capacity | 5,560 | 5,560 | 3,243^A |
| MRI Visits | 3,078 | 5,840 | 2,699 |
| % of scans meeting contracted capacity | 55% | 105% | 84% |

Source: Regina Qu'Appelle Regional Health Authority data.
^A Contracted capacity prorated over seven months.

RQHR MRI scheduling staff decide which patients to send to private operators for MRI scans under the terms of their contracts. There is no monitoring or second review of the MRI scans selected by the scheduling staff. This increases the risk that MRI scans selected by RQHR MRI scheduling staff are not for patients that have been waiting for a MRI the longest or not meeting required volume levels.

5. **We recommend that the Provincial Health Authority regularly monitor the selection and volume of MRI scans sent to private MRI operators.**

Each week, RQHR receives MRI volume information (i.e., the number of scans completed) from each contracted private operator. The contracts with private operators require them to follow the wait-time guidelines. RIS lacks information (see **Section 4.3**) to allow RQHR senior management to assess the quality and timeliness of scans the contracted private operators complete and confirm that private operators are meeting the wait-time guidelines.

Lack of timely MRI scans performed at private MRI operators may indicate a concern with their prioritization methods or capacity. This impacts how long patients are waiting for MRI services.

6. **We recommend that the Provincial Health Authority regularly monitor the quality and timeliness of MRI services that contracted private MRI operators provide.**

## 4.8 Tracking MRI Scans Done Under One-for-One Model Done Manually

RQHR is at the early stages of developing an efficient process to manage MRI scans completed under the One-for-One model.

*The MRI Facilities Licensing Act* (Act)[12] came into force on February 29, 2016. It gives patients with a physician-ordered request for a MRI scan the option of paying a licensed private MRI operator for a MRI scan in Saskatchewan instead of waiting for a publicly-funded scan. The Ministry of Health is responsible for licensing the private operators.

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[12] The Act was replaced by *The Patient Choice Medical Imaging Act* on February 28, 2017 (to include CT scans as well as MRI scans).

The Act allows the licensed private operator to set the privately paid fee for the MRI services.

Under the Act, for each completed privately paid MRI scan, the licensed private operator must provide a second scan of similar complexity to a patient on the public wait list, at no charge to that patient or to the related health region. Saskatchewan refers to this as the One-for-One model.

In addition, the Act requires licensed private operators to contact the public wait-list patients referred to them and offer two opportunities to receive a MRI scan within 14 days. The health region is responsible for referring patients to the private operators for scheduling and scanning. RQHR MRI scheduling staff decide which patients to refer for the second scan (see **Recommendation 5**).

As of March 1, 2017, two private operators were licensed by the Ministry of Health to provide privately paid MRI services in Saskatchewan. Both of these operate clinics within RQHR. The two licensed private operators are the same two contracted by RQHR to provide MRI services.

Between March and December 2016, private operators provided 1,192 second scans through the One-for-One model. The majority of these MRI scans were for patients with MRI requests classified as semi-urgent (i.e., level 3 scans with a 30-day wait time target).

We tested a sample of requests for MRI scans sent to and scanned by the private operators for compliance with the Act. All items we tested complied with the Act. For items we tested, RQHR referred patients with similar requests for MRI scans and level of urgency as the privately-paid scans (i.e., semi-urgent scan for a semi-urgent scan). In addition, we found private operators completed these scans within 2 to 21 days after receipt of the referral from RQHR. We also saw evidence of the private operator notifying RQHR when certain scans could not be performed within the 14-day requirement.

As of March 2017, RQHR scheduling staff noted that managing the One-for-One model is time consuming. At this time, it is largely a manual process. RQHR and private operators send back and forth various lists. This includes lists of privately-paid completed scans, lists of referred patients (second scans), lists of second-scan patients who private operators were unsuccessful in scheduling a MRI, and lists of completed second scans.

RQHR manually enters the information about the MRI scans private operators complete under the One-for-One model into RIS. As noted in **Section 4.4**, the entry of this information is often delayed.

RQHR is working with the private operators to determine a more efficient (e.g., electronic) method to communicate and track scans completed under the One-for-One model.

## 4.9 Active Board Monitoring of MRI Services Needed

The RQHR Board monitored the volume of MRI scans provided but not MRI wait times or the quality of MRI services.

Each year, the Board receives, as part of the Annual Accountability Document, information on the number of MRIs provided as compared to its capacity and reason for differences.

For example, the 2015-16 report indicated an increased volume of complex cases and increased number of patients requiring an anesthetic resulted in individual MRI scans taking longer than the assumption used when determining capacity volume.

The Board did not receive reports on the total number of patients waiting for MRI scans, the extent of MRI wait times by urgency level, or whether MRI scans delivered met wait-time guidelines (see **Figure 3**). As previously noted in **Section 4.5**, it received limited information about the quality of radiologist services related to MRIs.

Timely and quality MRI services are a vital component for diagnosing medical conditions. Without periodic and robust reporting (e.g., annually for the Board), RQHR may not know where or why it has shortfalls to address.

7. **We recommend that the Board of the Provincial Health Authority receive periodic reports on the timeliness and quality of MRI services, including actions taken to address identified deficiencies.**

## 4.10 Information on MRI Services and Wait Times Publicly Available but Not Always Current

The Ministry of Health provides an array of information about MRI wait times on its website.[13] Information on the length of wait times and the demand for and use of MRI services is available by the entire province, by region, and by urgency level for varying periods (e.g., by month, by year).

The Ministry of Health updates the information on the website periodically. As of January 2017, the most current information reported was up to June 2016. The information was updated to December 2016 in February 2017. While not always current, the website clearly indicates that date to which the information relates.

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[13] The website where MRI wait times can be accessed is www.saskatchewan.ca/residents/health/accessing-health-care-services/medical-imaging/medical-imaging-wait-times (23 March 2017).

# Chapter 11
# Saskatchewan Liquor and Gaming Authority—Regulating Commercial Permittees' On-table Sale of Liquor

## 1.0 MAIN POINTS

Saskatchewan Liquor and Gaming Authority (SLGA) had generally effective processes to regulate the sale of liquor to the public for consumption at permitted establishments (e.g. restaurants, taverns).

SLGA needs to:

- Update its inspection plan to focus on the areas of highest risk to treat commercial permittees fairly and support the effective allocation of resources
- Formalize its timelines for completing inspections of permitted establishments and investigating complaints about them
- Monitor and report on key trends of permittee non-compliance with requirements
- Consistently document the basis of its decisions where sanctions imposed on commercial permittees differ from established guidance
- Notify retail liquor stores about suspended special licences as required by legislation

Effective regulatory processes can help reduce health and safety risks related to alcohol consumption, while maintaining a consistent and fair regulatory system for permittees.

## 2.0 INTRODUCTION

Under *The Alcohol and Gaming Regulation Act, 1997* (Act), Saskatchewan Liquor and Gaming (SLGA) is responsible for regulating and controlling the possession, sale, and delivery of beverage alcohol (liquor) in Saskatchewan by any person.[1] Also, through its regulatory framework, SLGA supports the socially-responsible use of liquor.

SLGA regulates commercial permittees' (e.g., restaurants, taverns) on-table sale of liquor to the public by issuing permits, inspecting permitted establishments, enforcing permit requirements, and educating permittees.

For the purposes of this audit, commercial permittees refers to organizations that SLGA permits, under legislation, to sell liquor to the public for consumption at permitted premises (establishments). On-table sale is liquor sold in open containers (e.g., glasses, open bottles) for consumption at permitted establishments.

See **Section 5.0** for Glossary of key terms.

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[1] *The Alcohol and Gaming Regulation Act, 1997*, s. 12(c).

## 2.1 Legislative Responsibility for Regulating On-table Sale of Liquor

The Act provides SLGA with the following authority related to permitting establishments for on-table sales of liquor.[2] SLGA can:

- Approve an application for a permit subject to any terms and conditions that it considers appropriate (including determining the duration of the permit)
- Refer any application for a permit to the Liquor and Gaming Licensing Commission (Commission)[3] for a hearing where it determines it is in the public interest to do so
- Inspect establishments
- Enforce terms and conditions and legislation relating to permits
- Impose sanctions against a permittee for non-compliance with terms and conditions and/or legislation
- Suspend or cancel a permit

The types of commercial permits SLGA issues include restaurant, tavern, and special use (e.g., golf club) permits. Commercial permittees are responsible for complying with requirements and responsibilities concerning the day-to-day operation of an establishment under the Act.[4]

Since 2012, several regulatory changes came into effect, many of which affect commercial permittees. These changes:

- Expanded the types of establishments allowed to sell and serve alcohol (e.g., movie theatres, spas, salons)
- Provided establishments with greater flexibility in certain areas (e.g., allowed restaurants to give customers the option to bring their own wine)
- Reduced existing regulatory requirements (e.g., allowed customers to carry liquor between adjoining premises)
- Simplified the permit process (e.g., made some permit endorsements automatic such as room service and mini bar endorsements for restaurants and taverns where a written agreement with a hotel or motel is in place)

SLGA's Regulatory Services Division is responsible for permitting and monitoring commercial permittees. SLGA works with various law enforcement agencies (e.g., Regina Police Service) to enforce its terms and conditions and the related laws. At October 2016, over 20 staff (including 7 licensing specialists and 10 inspectors) carried out the Division's responsibilities.

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[2] *The Alcohol and Gaming Regulation Act, 1997* s. 19(1), 19(2), 44.

[3] The Commission is an independent body of between three and seven members appointed by the Lieutenant Governor in Council. Its mandate is to ensure appropriate application of legislation and regulations governing liquor. The Commission, at the request of a permittee, reviews decisions of SLGA with respect to liquor licensing and cancellation/suspension matters within SLGA's jurisdiction, which includes all provincial liquor permittees. Saskatchewan Liquor and Gaming Authority, *Annual Report 2015-16*, p. 50.

[4] Adapted from Saskatchewan Liquor and Gaming Authority's *Commercial Liquor Permittee Policy Manual*, p. I-1.

As described in **Figure 1**, over the past five years, SLGA issued an average of 1,900 commercial permits annually. Also, each year SLGA made over one-third of its liquor sales to commercial permittees.[5] Over the past five years, it has issued an average of 73 liquor sanctions each year.

**Figure 1—Financial and Operational Highlights of SLGA's Liquor Segment by Fiscal Year**

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|---|---|
| Liquor Sales[A] (in millions) | $571.8 | $592.3 | $612.0 | $622.4 | $641.0 |
| Liquor Sales to Commercial Permittees (in millions) | $220.1 | $226.5 | $228.0 | $224.8 | $219.4 |
| Commercial Liquor Permits Issued | 1,843 | 1,828 | 1,874 | 1,914 | 2,065 |
| Liquor Sanctions Issued | 84 | 91 | 56 | 68 | 69 |

Source: Saskatchewan Liquor and Gaming Authority annual reports.
[A] Includes SLGA sales to commercial permittees, to private stores, and to the general public.

## 2.2 Importance of Regulating On-table Liquor Sales

To encourage permittees to follow its terms and conditions, and related laws, SLGA educates commercial permittees about requirements to:

- Minimize public health and safety risks associated with the service and consumption of liquor
- Provide an orderly environment for organizations to conduct the sale and service of liquor
- Maintain a socially responsible liquor industry[6]

Without effective processes to regulate commercial permittees, SLGA faces increased risk it may not fulfill its legislated responsibilities to help protect the public. As a result, the public may face increased health and safety risks such as establishments serving alcohol to minors or overserving individuals. Also, without sufficient regulatory processes, SLGA may not be treating commercial permittees consistently and fairly when assessing permit applications or imposing sanctions.

As outlined in **Figure 1**, over the last five years, the number of sanctions issued fluctuated and the number of commercial liquor permits issued increased. With the increase in commercial permits, SLGA's regulatory work is increasing.

In addition, as noted previously, SLGA recently implemented numerous changes to liquor regulations and policies that affect commercial permittees. Changing regulation increases the risk that commercial permittees may not be aware of or may not be complying with current legislation. It also increases the risk that SLGA has not appropriately updated its processes to reflect these changes.

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[5] As a result of legislative changes, effective October 9, 2016, commercial permittees can purchase alcohol from all retail store permittees. Prior to this, commercial permittees mainly purchased alcohol from SLGA-operated stores.
[6] Adapted from Saskatchewan Liquor and Gaming Authority's *Commercial Liquor Permittee Policy Manual*, p. XI-1.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess the effectiveness of Saskatchewan Liquor and Gaming Authority's processes, for the 12-month period ended October 31, 2016, to regulate the on-table sale of liquor by commercial permittees to the public.

We interviewed SLGA staff and management involved in the regulation of the on-table sale of liquor by commercial permittees, and examined related policies and procedures. We sampled permit applications, permit renewals, inspections, and investigations to determine whether SLGA followed its processes. We also accompanied inspectors to observe selected inspections.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SLGA's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. SLGA's management agreed with the criteria (see **Figure 2**).

**Figure 2—Audit Criteria**

Processes to:

1. **Permit establishments for on-table sales to the public**
    - 1.1 Set permit requirements consistent with legislation
    - 1.2 Confirm applicants meet established requirements
    - 1.3 Issue appropriate permits (e.g., restaurant, tavern) timely to successful applicants
2. **Monitor compliance with permit regulations**
    - 2.1 Set guidance for monitoring compliance with permit requirements (e.g., checklists, expected actions, sanctions)
    - 2.2 Set risk-based plans for inspecting permitted establishments
    - 2.3 Regularly assess compliance with requirements and identify non-compliance
    - 2.4 Investigate complaints about on-table sales of liquor in a timely manner
3. **Address and report non-compliance**
    - 3.1 Communicate action required for resolution of non-compliance in a timely manner
    - 3.2 Require prompt action on non-compliance
    - 3.3 Escalate action on continued non-compliance
    - 3.4 Report non-compliance to senior management and the public

**We concluded that, for the 12-month period ended October 31, 2016, Saskatchewan Liquor and Gaming Authority had, other than for the following areas, effective processes to regulate the on-table sale of liquor by commercial permittees to the public. SLGA needs to:**

- **Implement an updated plan for inspecting permittees who sell liquor for consumption at permitted establishments, and monitor the plan's use**
- **Formalize expected timeframes for inspecting permittees, investigating complaints, and communicating sanctions**
- **Consistently document its reasoning to differ from the sanctions recommended in its established guidelines**
- **Monitor and report key trends of non-compliance with requirements for selling liquor for consumption at permitted establishments**

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we set out our expectations (*in italics*), key findings, and related recommendations.

### 4.1 Updated Risk-Informed Inspection Plan Needed

*We expected SLGA would assess the risk of commercial permittees not following established requirements (i.e., permit terms and conditions, related laws). It would develop an annual inspection plan based on its risk assessment. It would periodically update its risk assessment to reflect risks identified through its monitoring activities (e.g., permits, inspections, investigations).*

SLGA does not have an up-to-date inspection plan based on an assessment of key risks of permittee non-compliance.

SLGA uses periodic inspections of commercial permittees as its main way to monitor whether commercial permittees follow established requirements on an ongoing basis. SLGA updated its *Client Services Policy Manual* in June 2016. The Manual sets out factors inspectors are to consider when scheduling inspections (e.g., type of establishment, industry trends, repeated violations, significant complaints from the public).

At October 2016, SLGA based inspection frequency primarily on the type of permit, that is, the type of establishment serving liquor. For example, its Compliance Matrix (i.e., inspection plan) expected inspectors to inspect restaurants serving alcohol every five years, and lounges and taverns annually.

SLGA has not updated its Compliance Matrix since it was approved in 2012. Its Compliance Matrix based inspection frequency solely on type of establishment, which is a key risk factor. However, the Matrix did not consider other risk factors such as permittees' history of violations, location of establishment, and size of establishment. SLGA expects inspectors to complete at least 20 inspections each month in addition to other regulatory work (e.g., investigating complaints, educating permittees).

In 2016, SLGA began a project to update its Compliance Matrix. It expected this would help inspectors determine who to inspect and when. It expected to prioritize inspection activities based on risks to public safety and risks that permittees will not follow established requirements (e.g., permit terms and conditions, and related laws). Management indicated that it plans to finalize and implement this new guidance in 2017-18.

In addition to inspections that SLGA does on its own, on an ad hoc basis SLGA's inspectors participate in liquor inspections with other enforcement agencies (e.g., police, fire departments, municipality bylaw officers). In 2016, SLGA participated in joint inspections on high-risk days such as Halloween. Also, for one community (i.e., Prince Albert), SLGA and other enforcement agencies jointly inspected certain establishments viewed as having a higher risk of non-compliance. At October 2016, SLGA was working with enforcement agencies in other communities to develop similar arrangements. Arrangements for joint inspections are informal (e.g., no written agreements or plans), and risks are not documented.

Having an inspection plan that focuses inspection activities on the areas of highest risks of non-compliance related to factors such as types of establishments, history of violations, and complaints would help ensure SLGA treats permittees consistently and fairly. It would also help SLGA to allocate its resources to the highest priority areas.

1. **We recommend that Saskatchewan Liquor and Gaming Authority implement an updated plan for inspecting commercial permittees who sell liquor for consumption at permitted establishments that incorporates all key risk factors related to non-compliance.**

## 4.2 Qualified Personnel Conduct Liquor Inspections and Investigations

*We expected SLGA to use qualified personnel to conduct periodic inspections and investigations (of complaints).*

SLGA requires its inspectors to have law enforcement experience (e.g., police, RCMP, provincial sheriff). It provides ongoing training to inspectors for conducting liquor inspections and investigations. We found SLGA inspectors had appropriate qualifications and attended training.

## 4.3 Monitoring of Timeliness of Inspections and Investigations Needed

*We expected SLGA would conduct timely inspections as set out in its inspection plan. SLGA staff would investigate complaints within a reasonable timeframe. SLGA would communicate inspection and investigation results, including sanctions, if any, to commercial permittees within a reasonable timeframe. SLGA management would monitor whether inspections are conducted when expected.*

SLGA did not always meet its informal targets for completing periodic inspections of permittees and investigations of complaints.

SLGA assigns inspectors to regions. We found liquor inspectors prepare weekly inspection schedules several days in advance. They use the Compliance Matrix to decide when to inspect an establishment within their assigned region. Inspectors indicated that sometimes they consider additional factors (e.g., permittee history of non-compliance) when scheduling an inspection. We found they did not always document their consideration of those factors.

SLGA's guidance does not specify a timeline for completing inspections and investigations. Rather SLGA uses an informal target of 60 days for communicating to commercial permittees sanctions resulting from inspections or investigations. To help achieve the 60-day informal target, SLGA expects inspectors to complete inspection reports within 10 days of the inspection.

For just over 10% of the inspections (i.e., 4 out of 31), and 10% of the investigations (i.e., 1 out of 10) we tested, SLGA communicated sanctions to commercial permittees later than the 60-day target. In addition, for over one-third of the inspections we tested (i.e., 11 out of 31), SLGA inspectors did not complete inspection reports within the 10-day target. The reasons for delays were not always clearly documented.

Without documented expectations for prompt completion of work, staff may not complete inspections or investigations timely. Untimely communication of sanctions to commercial permittees increases the risk that SLGA applies its regulatory process in an inconsistent and unfair way.

2. **We recommend that Saskatchewan Liquor and Gaming Authority formalize expected timeframes for completing liquor inspections and investigations and communicating sanctions to permittees who sell liquor for consumption at permitted establishments.**

SLGA does not actively monitor whether it inspects commercial permittees as often as its current Compliance Matrix expects.

Two of the 31 inspections we tested were not completed as often as the Compliance Matrix expected. In one instance, SLGA had not inspected a tavern for over two-and-a-half years instead of annually. SLGA had not documented the reason for the delay.

In addition, at October 31, 2016, SLGA had not inspected almost 8% of permitted establishments within the frequency set out in the Compliance Matrix (i.e., 137[7] of 1,782). SLGA could not show us why it delayed these inspections. It noted that some of its inspector positions were vacant during this period.

As previously noted, SLGA uses inspections as its main way to detect non-compliance and to encourage compliance. Active monitoring of staff helps identify issues and ensure staff carry out work as planned.

Not actively monitoring if establishments are inspected as and when planned may increase the risk of SLGA not detecting significant violations. It may also reduce opportunities for SLGA to educate permittees on the importance of complying with Saskatchewan liquor laws and permit terms and conditions. Unidentified violations could lead to increased risk to public safety (e.g., establishments serving alcohol to minors or overserving individuals).

3. **We recommend that Saskatchewan Liquor and Gaming Authority monitor that its staff complete, when planned, inspections of permitted establishments that sell liquor for on-premise consumption, and obtain reasons for delayed inspections.**

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[7] 137 was comprised of 93 special use, 33 restaurant, and 11 tavern permits.

## 4.4 Processes to Issue Permits Followed

*We expected SLGA to establish and communicate requirements that new applicants and existing commercial permittees must meet to obtain or retain a commercial permit. SLGA would provide guidance to qualified staff on how to review and approve permit applications and renewals. We also expected SLGA to issue appropriate permits timely.*

SLGA followed its well-established processes to issue permits to establishments to sell liquor for consumption on the premises.

Interested parties must apply to SLGA to obtain a new commercial liquor permit or renew an existing permit.[8] Information on applying for or renewing permits is readily available.

SLGA posts on its website information about how to apply for permits.[9] This includes its *Commercial Liquor Permittee Manual* and *Commercial Liquor Permit Application Package*.

- The Manual outlines the requirements and responsibilities for each type of permit, including those set by legislation. For example, responsibilities include not serving liquor to minors, not serving intoxicated persons, and not overserving patrons. In addition, the Manual sets out SLGA's inspection and investigation processes, and actions to address identified non-compliance with requirements, such as notices of improvement or fines (sanctions).

- The Package describes the information applicants must give SLGA (e.g., proof of right to occupy premises, criminal history, floor plan).

This guidance helps applicants understand the process. In addition, SLGA has checklists to help its staff assess the eligibility of applicants. The Manual and checklists help SLGA treat liquor permit applicants consistently and fairly.

SLGA's inspectors complete pre-permit inspections to verify applicants meet requirements (e.g., floor plan, accurate liquor dispensing devices, endorsement requirements such as minor restricted areas for a restaurant permit with a lounge endorsement). Inspectors educate permittees on the responsibilities of each party. They provide pre-permit inspection reports to SLGA's licensing specialists.

SLGA's licensing specialists complete the application process. They decide whether applicants meet requirements, whether to approve or deny the permit, and the need to add conditions to the permit.

During the 12-month period ended October 31, 2016, SLGA received and approved about 200 permit applications and 600 permit renewals. For permit applications and renewals we tested, SLGA followed its established guidance when assessing and issuing permits.

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[8] Existing commercial permittees must also apply to SLGA to obtain a new permit prior to construction, renovation, or changing ownership of a permitted establishment.
[9] www.slga.com/permits-and-licences/liquor-permits (29 March 2017).

## 4.5 Established Guidance Used to Inspect and Investigate

*We expected SLGA staff would use established guidance (e.g., written procedures, checklists, suggested sanctions) to assess whether commercial permittees are following established requirements.*

Liquor inspectors are familiar with and follow clear guidance when inspecting permittees' compliance with requirements and investigating complaints.

SLGA expects its inspectors to enforce the permit terms and conditions and related laws. In addition, it expects inspectors to educate permittees on their responsibilities when selling liquor.

In addition to the publicly available *Commercial Liquor Permittee Policy Manual*, SLGA provides its staff with its *Client Services Policy Manual*. The *Client Services Policy Manual* includes detailed guidance on conducting inspections and investigating complaints. Also, SLGA provides staff with checklists and report templates to help them consistently conduct and document inspections and investigations.

When SLGA receives information from other enforcement agencies (e.g., police) or complaints, inspectors investigate to determine if the commercial permittee is following permit requirements.

For inspection reports and investigation reports we tested and commercial permittee inspections we observed, inspectors followed established processes. For inspections we observed, inspection reports accurately reflected the results of the inspections.

For the inspections and investigations with significant violations that we tested, inspectors inspected establishments sooner than the frequency set out in SLGA's Compliance Matrix.

## 4.6 Clear Guidance on Recommended Sanctions Available

*We expected SLGA to provide guidance to staff on how to handle situations where commercial permittees do not follow established requirements (violations).*

SLGA provides its staff with sufficient guidance to help them determine and communicate sanctions in situations where a commercial permittee did not follow established requirements.

To help staff treat permittees consistently and fairly, SLGA provides its staff with detailed guidance and recommended actions. This includes:

- The *Client Services Policy Manual* sets out processes when a commercial permittee did not follow established requirements. Sanctions include a notice for improvement letter, a warning letter, new or amended terms or conditions to a permit, administrative penalties (i.e., fines), and suspending or cancelling permits.[10]

Liquor Sanctioning Guidelines (Guidelines) require staff to consider, when determining potential sanctions: the permittee's compliance history; nature of the violation; impact on the permittee, its employees, and the public; and sanctions imposed on other permittees that committed similar offences.[11]

The Guidelines also include recommended sanctions for common violations; we found the sanctions consistent with related laws.

The recommended sanctions increase in severity based on the number of repeat violations and impact on public health and safety. For example, the guidelines recommend a greater sanction for selling or giving liquor to minors than for failure to supply food and non-alcoholic beverages. The Guidelines allow SLGA to use judgment based on the facts of each case when deciding the sanction.

Commercial permittees can appeal to the Saskatchewan Liquor and Gaming Licensing Commission if they disagree with SLGA's sanction involving a monetary penalty (e.g., fine).

## 4.7 Better Documentation of Basis for Sanction Decisions Needed

*We expected SLGA to follow its established guidance when issuing sanctions and to communicate actions commercial permittees must take and by when to address identified violations. We expected SLGA to follow up on continued violations and take appropriate action (e.g., escalate sanctions) to encourage permittees to follow established requirements.*

SLGA did not consistently document its reasons to differ from the sanctions recommended in its guidelines for commercial permittees.

For two of six investigations, each with violations identified in the final investigation report, SLGA exercised its discretion not to issue the sanction recommended in its established guidelines. Its guidelines allow SLGA to use judgment based on the facts of each case when deciding the sanction. SLGA did not document the rationale supporting its decisions to differ from the sanction recommended in its guidelines. In both instances, the violation related to an allegation that a commercial permittee served alcohol to minors.

**Figure 3** summarizes actions SLGA took in response to the identified violations for the items we tested.

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[10] Adapted from Saskatchewan Liquor and Gaming Authority, *Commercial Liquor Permittee Policy Manual*, p. XIV-1.
[11] Ibid.

**Figure 3—Violations and Resulting Sanctions for Inspections and Investigations Tested**

| | Inspections | Investigations |
|---|---|---|
| Total reports with identified violations that we tested | 6 | 6 |
| Action taken by SLGA | | |
| No sanction issued | 2 | 1 |
| Sanction: Notice for Improvement | 3 | 1 |
| Sanction: Warning | 1 | 2 |
| Sanction: Monetary Penalty | 0 | 2 |

Source: SLGA inspection and investigation records.

SLGA not documenting the basis for sanctions when decisions vary from recommended sanctions included in its guidelines increases the risk that it may not treat liquor permittees in a consistent and fair way. In addition, it increases the risk of Saskatchewan Liquor and Gaming Licensing Commission overturning SLGA's decisions.

4. **We recommend that Saskatchewan Liquor and Gaming Authority consistently document the basis for its decisions on sanctions for non-compliance with requirements for selling liquor for consumption in permitted establishments where those decisions differ from its recommended sanctions.**

For all inspections and investigations we tested, SLGA communicated to commercial permittees a clear description of the violation, and actions that the permittee was required to take by a specific date. Also, each of these communications provided clearly stated consequences for non-compliance with sanctions. We found senior management approved each of the decisions to issue a monetary sanction (e.g., fine).

## 4.8 Analysis of Trends of Non-compliance Needed

*We expected SLGA to report to senior management, its Board, and the public about significant instances of non-compliance. We expected SLGA to analyze and report on non-compliance trends (e.g., number of permits approved, inspections and investigations conducted, violations identified, repeat violators, and sanctions issued).*

Although SLGA compiles data about its liquor regulatory activities, SLGA did not identify or analyze key trends of permittees' non-compliance with permit terms and conditions and related laws.

*SLGA's Administrative Penalty Publishing Policy* expects SLGA to report publicly, each quarter, liquor permit sanctions issued.[12] The Liquor Sanction Summary Report lists the establishment location and name, permit type, date of violation, description of the violation, and the sanction. Senior management reviews and approves the report prior to making it public. By February 2017, SLGA had posted two reports for 2016 (i.e., from January to March 2016, and from April to September 2016).

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[12] Publicly available at www.slga.com/permits-and-licences/liquor-permits/liquor-permit-sanctions/previous-sanctions. (13 February 2017).

SLGA's Vice-President of Regulatory Services reviews individual liquor inspection reports with identified violations upon their completion, and the Liquor Sanction Summary Report once available. In addition, the Vice-President reviews annual statistics on the number of liquor permits and sanctions issued, and the number and type of liquor inspections and investigations completed.

Each year, SLGA's one-person Board receives its draft annual report before it is tabled or published.[13] The annual report provides data on SLGA's liquor regulatory activities. This includes the number of permits issued, the number of sanctions issued, and the results of Saskatchewan Liquor and Gaming Licensing Commission hearings for that year.

However, SLGA does not analyze its data to identify trends of non-compliance over a period of years by type of establishment, by inspection region, or by owners/managers selling liquor to the public. Such analysis may help it determine whether its liquor regulatory processes work, whether it applies its regulatory processes fairly and consistently between inspection regions, and whether commercial permittee compliance is getting better or worse.

5. **We recommend that Saskatchewan Liquor and Gaming Authority analyze and report on key trends of non-compliance with requirements for selling liquor for consumption in permitted establishments.**

## 4.9 Retail Liquor Stores Not Notified of Suspensions as Required by Law

As required by law, SLGA did not have a ready way to promptly notify retail liquor stores about commercial permittees who have had their licence to purchase liquor without paying liquor consumption tax suspended. The private sector operates almost 90% of Saskatchewan's 700 retail liquor stores.[14] Under its current liquor modernization strategy, SLGA is reducing the number of retail liquor stores it operates.

By law, retail liquor stores can only sell liquor, without collecting the liquor consumption tax, to commercial permittees who hold a valid licence (special licence) from the Ministry of Finance. On October 9, 2016, *The Liquor Consumption Tax Act* changed to require SLGA to notify all retail liquor stores about the suspension or restoration of a special licence. Prior to October 9, 2016, SLGA only had to notify the stores it operated about suspensions and restoration of special licences.

Commercial permittees with a special licence do not pay liquor consumption taxes when they purchase liquor for on-table sales. Rather, permittees are required to collect the tax when they sell liquor to the public, and to remit the tax to the Ministry of Finance after the sale.

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[13] www.slga.com/about-slga/publications. (13 February 2017).

[14] At October 2016, Saskatchewan had over 700 retail liquor stores, of which SLGA operated 75.

Each year, the Ministry of Finance suspends about 40 special licences when permittees do not remit the taxes on time. It suspends licences until permittees remit the taxes owed. It advises SLGA of any suspensions.

Prior to October 9, 2016, SLGA notified SLGA-operated retail liquor stores about suspensions of special licences using an IT system. With the introduction of retail liquor store permits on October 9, 2016, SLGA had not determined how it plans to notify retail liquor stores about suspensions to meet its obligations under *The Liquor Consumption Tax Act*.

SLGA not promptly notifying all retail liquor stores about suspensions of special licences increases the risk of commercial permittees buying liquor from retail liquor stores without paying the liquor consumption tax and not remitting taxes collected when the liquor is sold.

6. **We recommend that Saskatchewan Liquor and Gaming Authority notify all retail liquor stores about suspended and restated special licences as required by *The Liquor Consumption Tax Act*.**

## 5.0 GLOSSARY

**Beverage alcohol** – An intoxicating substance used as a food or beverage, and includes:
(a) Beer, wine and spirituous, fermented and malt liquor
(b) Any combinations of food or beverages or either of them containing a substance that is intoxicating (Source: *The Alcohol and Gaming Regulation Act, 1997* s.2).

**Commercial permittees** – Persons SLGA has issued a permit to such as restaurants, taverns, clubs, manufacturers, or make-your-own facilities (Source: adapted from Saskatchewan Liquor and Gaming Authority *Commercial Liquor Permittee Policy Manual*, p. I-2).

**Establishment** – Any premises that operates under a permit issued by SLGA (Source: Saskatchewan Liquor and Gaming Authority *Commercial Liquor Permittee Policy Manual*, p. I-1).

**Liquor consumption tax** – A 10% tax imposed on the total selling price of beer, wine, and spirits. Businesses selling liquor in Saskatchewan licensed under *The Alcohol and Gaming Regulation Act*, must be licensed under *The Liquor Consumption Tax Act* for the sale of liquor. (Source: www.finance.gov.sk.ca/taxes/lct [25 April 2017]).

**On-table sale of liquor** – Beverage alcohol sold in open containers (e.g., glasses, open bottles) for consumption at permitted establishments.

**Permitted premises** – The premises for which a permit is issued, except premises to: sell or consume beverage alcohol at a special occasion, manufacture alcohol, carry on a u-brew or u-vin operation, or operate a catering business that may serve and sell beverage alcohol at catered events (Source: *The Alcohol and Gaming Regulation Act, 1997* s.2).

**Restaurant permits** – Available where the primary business and source of revenue generated in the premises is the preparation and sale of food for consumption on the premises.

**Special use permits** – Available where the primary purpose of a proposed establishment is the provision of facilities for recreational, sport, social or entertainment activities, or the provision of public conveyances for providing public transportation or delivery of beverage alcohol. Establishments in this category include private clubs, golf clubs, billiard halls, sports stadiums, theatre or concert premises, military messes, curling clubs, buses, limousines, and home delivery.

**Tavern permits** – Available where the primary purpose of a proposed establishment is selling beverage alcohol for the consumption on the premises. Establishments in this category include taverns and brew pubs.

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# Chapter 12
# Saskatoon Regional Health Authority—Overseeing Contracted Special-Care Homes

## 1.0 MAIN POINTS

At December 2016, Saskatoon Regional Health Authority needed to do more to oversee 20 private special-care homes. It has contracted with them to provide long-term care to almost 1,600 residents at an annual cost of about $100 million.

To know whether these special-care homes comply with key areas of the Ministry of Health's *Program Guidelines for Special-care Homes*—minimum care standards and related procedures for the operation of homes—Saskatoon or its successor, the Provincial Health Authority, needs to:

- Clarify the accountability relationship between the Ministry of Health, the Authority, and contracted special-care homes and update contracts with homes accordingly

  The current relationship is complex and confusing. A clarified accountability relationship would clear up to homes to whom they are accountable and for what. In addition, it would streamline responsibilities for monitoring of homes.

- Clearly define, in contracts with homes, the quality of care expected from homes, and confirm performance measures and targets (on which the Authority and the Ministry require homes to report) are useful in assessing homes' delivery of quality care

  The linkage between information that homes provide and the quality of care is unclear. In addition, homes are asked to do things and report information beyond that set out in their contracts. Having clear service expectations, targets, and reporting requirements in contracts would let homes know what quality of care they are to provide residents for the compensation they receive. In addition, clear expectations and targets would enable better monitoring of the quality of care that homes provide.

- Periodically inspect whether contracted special-care homes comply with key areas of the Guidelines, and take prompt action where homes do not provide the expected quality of care

  Homes are not consistently achieving the Ministry's quality of care targets. Inspecting care homes on a systematic basis would assist the Authority in identifying the reasons for not meeting expectations. Promptly addressing underlying reasons would help ensure residents receive quality care.

## 2.0 INTRODUCTION

### 2.1 Special-Care Homes in Saskatchewan

Regional health authorities (RHAs) in Saskatchewan, in addition to homes they own, use health care organizations like contracted special-care homes (homes, special-care homes, care homes) to provide health-related services such as long-term care[1] or respite care.[2]

*The Regional Health Services Act* (Act) requires RHAs to enter into written contracts with homes. The Act specifies that contracts must cover health services to be provided, funding, performance measures and targets, required reporting, and certain dispute resolution mechanisms.

In addition, the Act requires contracted special-care homes to conduct their activities and affairs in a manner consistent with the goals and objectives of the Ministry of Health and the RHA with which the home has contracted.

Homes are to provide health services in accordance with these contracts. Also, they must provide health services in compliance with all appropriate provincial legislation and policies.

*The Facility Designation Regulations* require operators of special-care homes (including RHAs) to comply with the standards established in the Ministry of Health's *Program Guidelines for Special-care Homes* (Guidelines). The Guidelines set out the minimum care standards and related procedures for operation of homes (see **Section 5.0** for the Guidelines index).

#### Saskatoon RHA's Strategic Direction

In common with other RHAs, Saskatoon Regional Health Authority (Saskatoon) is responsible for planning, organizing, delivering, and evaluating health services within its health region and any other area that the Minister of Health may direct.[3]

Saskatoon is the largest health region in the province serving over 349,000 residents (256,000 urban and 93,000 rural) in more than 100 communities. Communities include cities, towns, villages, rural municipalities, and First Nation communities.[4]

Saskatoon's mission is to improve health through excellence and innovation in service, education and research, building on the strengths of its people and partnerships.[5] Its contracts with the operators of special-care homes are part of these partnerships.

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[1] Long-term care is for individuals who require 24-hour nursing care and supervision for an indefinite period.

[2] Respite care is temporary care to individuals who normally reside at home, and who are dependent on family members or others in the community for intermittent or continuous care.

[3] *The Regional Health Services Act* (s. 27(1)).

[4] Saskatoon Health Region, *Annual Report 2015-2016*, p. 7.

[5] Saskatoon Regional Health Authority, *Governance Charter*, March 25, 2016.

The strategic direction for Saskatoon, as well as other RHAs, is:

- Better Health—improving population health through health promotion, protection and disease prevention, and collaborating with communities and different government organizations to close the health disparity gap
- Better Care—partnership with residents and families to improve an individual's experience, achieve timely access, and continuously improve healthcare safety
- Better Teams—build safe, supportive, and quality workplaces that support resident- and family-centred care and collaborative practices, and develop a highly skilled, professional and diverse workforce that has a sufficient number and mix of service providers
- Better Value—achieve the best value for money; improve transparency and accountability; and strategic investment[6]

## Saskatoon's Use of Special-Care Homes

Saskatoon provides special-care home services to about 2,200 individuals living in 30 homes located throughout the region.

Saskatoon can either operate homes directly or provide these services through contracts with private sector operators, or a combination of both. It has chosen to do a combination of both.

Saskatoon owns and operates 10 special-care homes.[7] It contracts with private sector operators for services at 20 homes (see **Figure 1**).

In 2015-16, Saskatoon had contracts with 20 home operators for a total cost of $106.9 million.[8] The contracted special-care homes have a combined 1,598 long-term care beds and 8 respite beds.

**Figure 1—Special-Care Homes Contracted by Saskatoon in 2015-16**

| Special-Care Home Name | Location | Long-Term Care Beds |
|---|---|---|
| Bethany Pioneer Village Inc. | Middle Lake | 36 |
| Central Haven Special-care Home (Sherbrooke Community Society Inc.) | Saskatoon | 60 |
| Circle Drive Special-care Home Inc. | Saskatoon | 53 |
| Dalmeny Spruce Manor Special-care Home Inc. | Dalmeny | 36 |
| Extendicare Special-care Home (Preston Nursing Home, Saskatoon of Extendicare (Canada) Inc.) | Saskatoon | 82 |
| Goodwill Manor | Duck Lake | 29 |
| Lakeview Pioneer Lodge Inc. | Wakaw | 45 |
| Langham Senior Citizens' Home | Langham | 17 |

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[6] Saskatoon Health Region, *Annual Report 2015-2016*, pp. 23-35.

[7] *Saskatoon Health Region Welcome Guide to Long-Term Care Communities.* www.saskatoonhealthregion.ca/locations_services/Services/Senior-Health/Documents/ResidentFamilyResourcesPage/LTC%20Welcome%20Guide%202015.pdf (1 November 2016).

[8] Saskatoon Health Region, Appendices to *Annual Report 2015-2016.*

| Special-Care Home Name | Location | Long-Term Care Beds |
|---|---|---|
| Luther Care Communities (Lutheran Sunset Home) | Saskatoon | 127 |
| Mennonite Nursing Home Inc. | Rosthern | 67 |
| Oliver Lodge | Saskatoon | 139 |
| Porteous Lodge (Jubilee Residences Inc.) | Saskatoon | 99 |
| Samaritan Place | Saskatoon | 100 |
| Saskatoon Convalescent Home | Saskatoon | 59 |
| Sherbrooke Community Centre (Sherbrooke Community Society Inc.) | Saskatoon | 261 |
| St. Ann's Home (St. Ann's Senior Citizens Village Corporation) | Saskatoon | 80 |
| Stensrud Lodge (Jubilee Residences Inc.) | Saskatoon | 100 |
| St. Joseph's Home (St. Joseph's Home for the Aged) | Saskatoon | 80 |
| Sunnyside Adventist Care Centre | Saskatoon | 97 |
| Warman Mennonite Special-care Home Inc. | Warman | 31 |
| **Total** | | **1,598** |

Source: Adapted from information provided by Saskatoon Regional Health Authority.

Residents of Saskatoon special-care homes expect to receive the same quality of care regardless of whether Saskatoon provides the services directly or through contracted services.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess, for the 12-month period ended December 31, 2016, the effectiveness of processes Saskatoon Regional Health Authority used to oversee contracted special-care homes' compliance with the Ministry of Health's *Program Guidelines for Special-care Homes.*

We examined Saskatoon's policies, procedures, contracts, and data related to the oversight of homes. We assessed Saskatoon's processes to monitor and measure homes' compliance with the Guidelines and Saskatoon's policies. We visited four contracted special-care homes and tested a sample of residents' files against certain Guideline requirements. We preserved the confidentiality of residents' information.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Saskatoon's processes, we used criteria based on our related work, reviews of literature including reports of other auditors and consultations with management. Saskatoon's management agreed with the criteria (see **Figure 2**).

**Figure 2—Audit Criteria**

Processes to:

1. **Set Expectations in Contracts**
   - 1.1 Maintain policies that align with the law and related Guidelines
   - 1.2 Establish measurable performance targets for operation of special-care homes
   - 1.3 Establish regular reporting requirements (e.g., use of restraints, prevalence of pressure ulcers, medication management, complaints, near-miss and critical incidents)
   - 1.4 Communicate expectations in contracts (e.g., requirements in law, policies, Guidelines, performance targets, reporting requirements)
2. **Monitor Provision of Services**
   - 2.1 Assess compliance with policies, Guidelines, and reporting requirements
   - 2.2 Analyze results against measurable performance targets
   - 2.3 Investigate complaints, near-miss and critical incidents within reasonable timeframe
   - 2.4 Resolve disputes timely
3. **Take Timely Corrective Action**
   - 3.1 Act on identified service issues (e.g., delay payments, revise contract, remove residents from home)
   - 3.2 Report results and actions taken (e.g., contracted special-care homes operators, management, Board)

**We concluded that for the 12-month period ended December 31, 2016, Saskatoon Regional Health Authority had, except for the following areas, effective processes to oversee contracted special-care homes compliance with the Ministry of Health's *Program Guidelines for Special-care Homes*.**

**Saskatoon Regional Health Authority needs to:**

- **Clarify the complex accountability relationship between the Ministry of Health, the Authority, and contracted special-care homes and update contracts accordingly**

- **Work with the Ministry of Health to confirm performance measures and targets useful in assessing performance of special-care homes in delivering quality care**

- **Update contracts to include clear service expectations, targets, and all reporting requirements**

- **Systematically inspect whether contracted special-care homes comply with the Ministry of Health's *Program Guidelines for Special-care Homes***

- **Take prompt action on non-compliance with the Ministry of Health's *Program Guidelines for Special-care Homes***

In January 2017, the Government of Saskatchewan announced that it plans to consolidate the 12 regional health authorities, including the Saskatoon Regional Health Authority, into one Provincial Health Authority by the fall of 2017. As a result, we have directed our recommendations to the Provincial Health Authority. The Provincial Health Authority, once it is formed, is to assume responsibility for the Saskatoon Regional Health Authority's contracts with special-care homes.

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 2**.

## 4.1 Development of Policies in Response to Ministry Guidelines for Special-Care Homes Progressing

By December 2016, Saskatoon had developed and approved almost two-thirds of its policies designed to support the Ministry's *Program Guidelines for Special-care Homes*.

The Guidelines are detailed (see **Section 5.0**). They include 121 Guidelines grouped into 21 sections. Sections include rights and responsibilities, consent, access to service, professional services, incidents and concerns, emergency preparedness, and reporting requirements to the Ministry of Health.

The Ministry requires each RHA to create policies to support the implementation of its Guidelines. The policies are to aid the RHAs and operators of the homes' understanding of the Guidelines requirements and the quality of care expected.

The Ministry expected RHAs to develop supporting policies in key areas by December 31, 2016. As of December 2016, Saskatoon was actively developing these policies. It made completed policies readily available to staff and home operators through its intranet.

## 4.2 Clarification of Accountability Relationship between Health Authority, Ministry, and Special-Care Homes Needed

The involvement of the Ministry made it unclear to whom contracted special-care homes are accountable and for what.

Consistent with the requirements of the Act, Saskatoon has entered into contracts[9] with each of the contracted special-care homes. For all but two of these contracts, it used the structure and provisions set out in a standard contract template provided by the Ministry.

The contracts set out for what Saskatoon and the special-care home were responsible. For example, under the contracts:

- Both Saskatoon and contracted special-care home are to collaborate and co-operate in the planning for, operation, and delivery of quality, safe client and resident care within the region.
- Both are accountable for the delivery of safe, efficient, and quality health services.
- Saskatoon is generally responsible for the following: co-ordinating and integrating services; distributing resources and quality assurance; establishing performance standards and requirements; and ensuring client or resident safety. Saskatoon can unilaterally set the performance measures and targets in situations where Saskatoon and the home do not mutually agree.
- Special-care homes are accountable to Saskatoon for providing home-care services in the manner required under applicable laws (including the Guidelines) and by the contract (e.g., in compliance with agreed upon policies).

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[9] Standard Principles and Services Agreement.

- Special-care homes agree to work towards achieving performance measures and targets set out in the contract.
- Special-care homes shall maintain their accreditation status either independently or through Saskatoon's regional process.
- Saskatoon has the right to receive information and to inspect the special-care homes' operations and programs.
- Compensation to the special-care home is based on services—generally, the home provides long-term care services for a certain number of resident beds.

In practice, although not party to the contracts, the Ministry is directly involved in overseeing the care that contracted special-care homes provide. For example, it set almost one-half of the 21 performance measures noted in the contract (see **Figure 3**). It requires care homes to report directly to it, each quarter, on actual results on 7 of those measures (7 performance measures). In addition, it requires homes to report other key information (e.g., critical incident reporting).

Management at two of the four special-care homes we visited found it confusing as they were responding to requests from both the Ministry and Saskatoon. At times, they found the requests from the Ministry and Saskatoon quite similar.

In addition, the Ministry directly monitored the performance of homes as compared to its 7 performance measures' targets (see **Figure 3**). Where the performance of a care home was below its 7 performance measures' targets, it required care homes (instead of Saskatoon) to submit planned actions to improve performance. Saskatoon received a copy of these plans. In addition, Saskatoon, upon request of the homes, helped care homes develop those action plans.

This direct involvement of the Ministry with homes adds to the complexity of the relationship and made it confusing as to Saskatoon's role and responsibilities for monitoring some of the care activities delivered in homes. The Ministry's direct monitoring of homes resulted in Saskatoon performing limited analysis of performance data collected from the homes.

When the accountability relationship between the Ministry, Saskatoon and each special-care home is not clear, it can cause confusion and frustration for home operators. Home operators may take direction or provide reports to the wrong agency. In addition, it may cause the Ministry and Saskatoon to duplicate monitoring efforts or, conversely, not sufficiently monitoring if they think the other party is doing so.

1. **We recommend that the Provincial Health Authority work with the Ministry of Health to clarify the accountability relationship between the Authority, the special-care homes, and the Ministry of Health.**

2. **We recommend that the Provincial Health Authority enter into contracts with special-care homes that clearly set out expected accountability relationships between the Authority, the special-care home, and the Ministry of Health.**

## 4.3 Alignment of Performance Measures to Guidelines and Quality of Care Not Well Understood

Management of special-care homes did not understand how Saskatoon or the Ministry used certain performance information that the homes were required to track and report.

As shown in **Figure 3**, contracts required special-care homes to track and regularly report specified information about the residents and operations of the homes to the Ministry and to Saskatoon. Most of the Ministry's measures highlighted areas of potentially inadequate or sub-standard care of residents of special-care homes. For example, an increase in the number of residents with worsening pressure ulcers (i.e., bedsores) requires further investigation as it may indicate residents are not turned as frequently as needed, have had prolonged hospital stays, or are dehydrated.

A few of Saskatoon's measures related to the safety of the homes' operations (e.g., carbon monoxide monitoring, fire drills). A few others related to staff competencies (e.g., training of new staff).

**Figure 3—Performance Measures and Reporting Requirements for Special-Care Homes**

| Performance Measure | Target^ — Percentage of Residents: | Frequency of Reporting | Contract Requirement |
|---|---|---|---|
| **Ministry of Health Quality Indicators** | | | |
| 1. In daily physical restraints | Not to exceed 10.36% | Quarterly | Yes |
| 2. On antipsychotic medication without an diagnosis of psychosis | Not to exceed 28% | Quarterly | Yes |
| 3. Who fell in the last 30 days | Not to exceed 9% | Quarterly | Yes |
| 4. Whose pain worsened | Not to exceed 8% | Quarterly | Yes |
| 5. With newly occurring stage 2-4 pressure ulcer (sores resulting from being in a set position for long periods of time) | Not to exceed 2% | Quarterly | Yes |
| 6. Whose stage 2-4 pressure ulcer worsened | Not to exceed 2% | Quarterly | Yes |
| 7. Whose bladder incontinence worsened | Not to exceed 16% | Quarterly | Yes |
| 8. Regional staff engagement survey | | As determined by Ministry of Health | Yes |

Source: Schedules E and F of Standard Principles and Services Agreement and Saskatoon Regional Health Authority records.
^ Targets were not included in the contracts.

| Performance Measure | | Frequency of Reporting | Contract Requirement |
|---|---|---|---|
| **Saskatoon Regional Health Authority Performance Measures** | | | |
| 1. | Medication Management—Individual residents on more than 13 medications | Quarterly | Yes |
| 2. | Outbreak Management—Infection control line listing^ | Ongoing | Yes |
| 3. | Falls and injurious falls | Monthly | Yes |
| 4. | Resident and family satisfaction survey and action planning | Every 2 years | Yes |
| 5. | Incident reporting – see **Section 4.7** | Input in Saskatoon's IT system (AEMS) after incident | Yes |
| 6. | Participate in Resource Utilization Groups (RUGs) audits | Annually | Yes |
| 7. | Regular carbon monoxide monitoring in homes | Monthly | Yes |
| 8. | Regular fire drills in homes | Monthly | Yes |
| 9. | Regular staff hand hygiene | Monthly | Yes |
| 10. | Staff injuries | Monthly | Yes |
| 11. | Training for new staff (Assessment Intelligent System competency reporting) | Ongoing | Yes |
| 12. | Occupancy of homes as compared to target occupancy | Monthly | Yes |
| 13. | Emergency Department visits and admissions to long-term care | Monthly | Yes |

Source: Schedules E and F of Standard Principles and Services Agreement and Saskatoon Regional Health Authority records.
^ Process to document who was infected and when and whom they had contact with. The process is used to control the outbreak.

Management at some of the four special-care homes we visited noted that they did not understand how some of these measures helped assess the quality of resident care they were to provide under the Ministry's Guidelines. In addition, they noted that they found some of the measures contradictory. For example, reducing the use of physical restraints may result in increased resident falls.

As evident in **Figure 4** (i.e., data missing), a few homes were not consistently submitting requested information on the Ministry's measures. Management at a few homes noted that they did not fully understand or agree with these measures.

Our review of the measures reported found that many of the measures did not provide insight as to the care practices each special-care home uses (e.g., feeding method, mobility/safety, hygiene, medication reviews, therapies provided, pain management). In addition, they provided limited insight as to what was missing from care (e.g., frequency of resident movement, provision of special equipment).

Saskatoon was unable to explain to us the linkage between the measures and quality of care. In addition, it was unable to explain how it used information from each of the measures to monitor the performance of homes and their compliance to the Guidelines.

Performance measures are only valuable when they focus attention on the tasks and processes determined as most important for making progress towards providing quality, safe resident care within homes and regions. Organizations must be able to explain the linkage between the measure and providing quality care or usage of information collected in determining the level of care provided. Having special-care homes routinely track and report information that is not systematically analyzed and used to help make decisions is a waste of valuable resources.

Having measures that clearly link to key aspects of quality of care could help homes better understand the quality of care expected of them. In addition, it could assist Saskatoon and the Ministry to determine whether homes meet the quality of care that the Guidelines anticipate.

3. **We recommend that the Provincial Health Authority work with the Ministry of Health to confirm performance measures that it requires contracted special-care homes to report on to help them assess each home's compliance with the Ministry of Health's *Program Guidelines for Special-care Homes* and improve the quality of resident care.**

## 4.4 Special-Care Home Contracts Incomplete and Lack Clarity

Contracts with special-care homes did not include clear service expectations, performance targets, or all reporting requirements.

Our review of the contracts with the special-care homes found that, in general, contracts included most but not all general expectations. The contracts included compliance with Saskatoon's policies and the Ministry's Guidelines, operating principles, and use of a co-operative/collaborative approach.

However, the contracts did not capture specific care methods that the Ministry expected homes to use and related reporting requirements. For example, contracts did not include the Ministry's goal that 67% of special-care homes will implement purposeful interactions[10] by March 31, 2017. Saskatoon required homes to report, each month, on implementation of this approach.

Also, none of the 20 contracts included the Ministry's targets related to its 7 performance measures (see **Figure 3**) even though the contract template anticipated their inclusion. Targets are important in that they show the level of effort the Ministry expects of the homes.

In addition, none of the 20 contracts included the Ministry's related reporting requirement for homes to submit actions plans when they did not meet the Ministry's targets on its 7 performance measures (**Figure 3**).

Both the Ministry and Saskatoon place expectations on homes outside of the contracts. These expectations, at least in part, help clarify the quality of care expected of the homes.

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[10] Purposeful interactions is a method where residents are spoken to at least hourly to see if their needs are being met.

Not including clearly defined services expectations in a contract makes it difficult for homes to know what level of care they are expected to provide residents. If requirements are not clear or captured within the contract, it makes it difficult for Saskatoon to measure the performance of homes and to hold them to account. Furthermore, placing requirements on the homes, in addition to those in the contract, may result in homes feeling they are not appropriately compensated for services expected.

4. **We recommend that the Provincial Health Authority clearly define service expectations related to quality of care, and include targets for related key performance measures and all key reporting requirements in its contracts with special-care homes.**

## 4.5 Negotiation of Contracts Taking Time

Saskatoon and special-care homes entered into contracts halfway through the term of the contracts.

Contracts between Saskatoon and each of its contracted special-care homes are typically terms of five years. The contract continues to be in effect until terminated or renewed. Either Saskatoon or the special-care home can terminate or decide not to renew with a 12-month written notice.

At December 2016, one home had not renewed the contract to provide services—the ownership of the home was changing. For another home, the contract did not indicate when it was signed. The remaining 18 contracts came into effect in 2012 but were not signed until 2015—almost two-thirds through the contracts' five-year terms.

Negotiating contracts can take time. It is not unusual for contracts to cover a period before they are actually finalized or signed. However, backdating contracts can result in unwanted side effects or consequences particularly when the effective date is significantly before the date the contract was actually signed. For example, where service or performance expectations change, having an earlier effective date may result in confusion or misunderstanding on service expectations or performance during the negotiation period. If disputed, it may result in unnecessary litigation or costs. Having the effective date of the contract close to when a contract is signed reduces these risks.

See **Recommendation 4** about having contracts with clear service expectations.

## 4.6 Reported Special-Care Home Information Accuracy Improving

The accuracy of published minimum data set[11] (MDS) information that homes report each quarter improved from the prior year—with about one-third being inaccurate.

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[11] Minimum Data Set (MDS) is a process of clinical assessment of residents in special-care homes. It provides a comprehensive assessment of residents' functional capabilities and helps identify health problems.

Each quarter, homes electronically submit MDS data to the Ministry of Health. MDS data is the basis of reporting against the Ministry's 7 performance measures included as performance measures in contracts (see **Figure 3**). The Saskatchewan Health Quality Council[12] and the Canadian Institute for Health Information[13] (CIHI) periodically publish MDS information.

Saskatoon checks a sample of homes for their accuracy of reporting the MDS data once a year. Saskatoon's 2016 audit of the overall accuracy of the MDS data found 69% to be accurate for its sample of 20% of residents in long-term care—an improvement of 6% from 2015. However, inaccurate reporting of MDS data can result in issues going unnoticed. See **Recommendation 6** about taking action on non-compliance.

## 4.7 Analyzing Incidents and Complaints to Assess Care Provided

### Residents Informed of their Rights

Saskatoon systematically informs residents of their rights and how to report when their rights are violated.

It makes information on the rights of residents available through posters, pamphlets, and handbooks. In our visits of homes, we readily saw evidence of handbooks encouraging residents to talk to the care team or managers if they have concerns. The Ministry's resident and family survey, conducted every two years, showed satisfaction in this area.

### Critical Incidents Reported and Followed Up

Saskatoon follows the Ministry's processes for reporting and addressing critical incidents. This process is well established and understood.

A critical incident is a serious adverse health event including, but not limited to, the actual or potential loss of life, limb, or function related to a health care service provided by a regional health authority or health care organization.[14]

*The Regional Health Services* Act, *The Critical Incident Regulations, 2016,* and the Accountability agreement between each regional health authority and the Ministry outlines the mandatory requirements for critical incident reporting.

Homes report incidents through Saskatoon's IT system. When reporting, homes must categorize the severity of each incident (e.g., a near miss,[15] critical incident). They are required to follow up each incident and report to Saskatoon the results of the follow-up of critical incidents. Saskatoon reports all critical incidents to the Ministry.

Saskatoon does not systematically confirm if homes report all incidents. It follows up critical incidents, and reports the results of its follow-up to its Board. The Board regularly received information on the critical incidents and actions taken for the region as a whole.

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[12] http://qualityinsight.ca/ (3 March 2017).
[13] https://yourhealthsystem.cihi.ca/indepth?lang=en#/ (3 March 2017).
[14] *Saskatchewan Critical Incident Reporting Guideline, 2004*, p. 1.
[15] Near miss is an incident that did not result in an injury or damage but had the potential to do so.

We reviewed the number of incidents reported by Saskatoon-contracted and Saskatoon-owned homes from 2014 to 2016. Most incidents reported by the homes did not harm the residents so that residents required treatment. We found that the number of incidents remained relatively consistent from year-to-year. See **Recommendation 6** about taking more timely action.

### Complaints Followed Up Systematically

Saskatoon systematically records and responds to complaints it receives.

The Client Representative at the region may receive a complaint from a family member, resident, or care-home staff member. We found that Saskatoon annually reports its analysis of all complaints received on any of its services. According to the *2015-16 Client Representative Annual Report*, 81.9% of all concerns raised were resolved in the targeted Saskatoon timeframe of 20 days and 88.6% were resolved in the provincial target of 30 days. This Report cites residents' concerns including lack of timely care and responsiveness. The Report notes 114 complaints (about 7% of all concerns received) regarding timeliness of care and responsivity concerns in long-term care homes in 2015-16.

Saskatoon does not require individual homes to track complaints nor submit information on the nature of complaints. The contract requires homes to resolve complaints in a timely manner and seek Saskatoon's assistance as needed through the Client Representative.

Saskatoon's risk management staff review complaints and assess the significance of risk to residents. Based on the risk level of these complaints, staff escalate matters to senior management as necessary. The Client Representative works with home-safety teams as necessary.

Saskatoon conducted a residents and family experience survey as mentioned in **Figure 3**. We found that the survey results were generally positive; but families noted that they were not always advised of changes in care and residents noted that their concerns are not always dealt with. Both residents and families indicated that care team members are not always available when needed.

### Dispute Resolution Process Clear and Used Infrequently

Saskatoon has set out a dispute resolution process in the contracts with homes.

The dispute resolution process is consistent with the requirements set out in the Act. Saskatoon had not set any timeframes to aid staff in resolving disputes in a timely manner.

There were few instances where Saskatoon had used the process. During 2016, we found one dispute arose related to funding of a home. Saskatoon was following its process to resolve the matter.

## 4.8 Timely Action to Address Issues Needed

Saskatoon primarily relies on its informal interactions with homes and some of the information reported to it from the homes to determine whether they follow the Ministry's Guidelines and provide appropriate care to their residents. Much of the information reported by the homes is not verified for accuracy. Saskatoon's current approach to address reported poorer-than-expected resident care causes delays in improving quality of care for residents.

### Routine Visits of Homes Occurring

Staff from Saskatoon visit homes, in part, to monitor their delivery of resident care and operations.

For example, Saskatoon's Chief Executive Officer or designate meets annually with management of each home to discuss concerns. Saskatoon tracks these concerns, and works to address them. The 2016 Report documenting the meetings lists new concerns, notes concerns outstanding from a prior year, and outlines how they were addressed. For 2016, new concerns included equipment needs, staff training, and assistance with staff hiring and retention.

Saskatoon's staff interact with homes on a regular basis. They hold daily operations' telephone huddles with all homes' management. They use these calls to discuss items such as bed vacancies, resident falls, resident injuries, staff injuries, number of residents in hospital, and items to follow up for the next day. In addition, Saskatoon staff visit homes located in Saskatoon at least weekly and those located outside of Saskatoon less often.

### Receipt of Expected Information Actively Monitored

Both the Ministry and Saskatoon require homes to submit key information. Saskatoon receives information from the homes on its 13 performance measures noted in **Figure 3**. Periodically, it also receives information that the Ministry has collected directly from the homes (e.g., results of Ministry's 7 performance measures and informational surveys).

Saskatoon actively follows up with homes to make sure they submit the expected information. It promptly follows up with homes to obtain information not received when expected. It receives almost all of the information it requests.

As noted and evident in **Figure 4**, it does not consistently receive some MDS information from a few homes. Furthermore, as noted in **Section 4.3**, Saskatoon does not actively use all information submitted.

### Accuracy of Information Reported by the Homes Not All Consistently Assessed

Saskatoon and the Ministry use some of the information they collect from the homes to assess each home's compliance with Ministry Guidelines but do not assess the accuracy of much of this information.

Once a year, Saskatoon checks the accuracy of some of the quarterly information that homes report for the Ministry's 7 performance measures. It refers to this information as the Minimum Data Set (MDS). As previously noted, about one-third of this data is not accurate (see **Section 4.6**).

In June 2016, the Ministry surveyed homes on their compliance with key Guidelines (see **Section 5** for Guidelines the Ministry viewed as key). The Ministry received reports from the homes and shared the results with Saskatoon. The results indicated that homes were complying with 92% of the key Guidelines. We found that the Ministry and Saskatoon did not check the accuracy of this information.

Our walkthrough and chart reviews at a few homes revealed evidence of non-compliance with the Guidelines—this seems inconsistent with the Ministry's survey results but consistent with Saskatoon's findings on the extent of inaccuracy of homes' self-reported MDS data. When we assessed four homes to determine whether they met 21 key areas of the Guidelines, we found the following instances of non-compliance:

- For medication reviews:
  - Almost half (i.e., 9 of 23) of the resident care plans we reviewed did not have evidence of a quarterly medication review
  - Over half of them (i.e., 13 of 23) did not have evidence of a pharmacist and care provider participating in the review; and
  - Almost all (i.e., 22 of 23) did not have a multi-disciplinary team review medications

- One home did not have evidence that a physician was present at annual care conferences

- None of the four homes we visited had the Know Your Rights poster publicly displayed as required by the Guidelines

We found that, from time-to-time, Saskatoon did reviews to determine whether homes follow Guidelines in a few specific areas. For example, its nutrition reviews determined whether homes follow expected nutrition and safe food handling standards. The nature and extent of these reviews is left to the discretion of Saskatoon staff.

We found that Saskatoon staff did not have a plan as to how many reviews they expect to do and why. For example, Saskatoon did not focus its reviews on homes who are having known or suspected difficulty in meeting the Ministry's 7 performance measures or having more difficulty reporting accurately (i.e., take a risk-based approach to monitoring homes).

We found other Canadian jurisdictions, such as British Columbia,[16] Alberta,[17] and Ontario,[18] conduct standard periodic inspections at special-care homes in key areas. For example, they assess if the homes meet established physical facility and care standards. They actively assess the homes' policies in specific areas such as staffing and falls prevention. They also look at care practices such as whether resident care plans are created and used as expected, the adequacy of nutrition provided, use of appropriate food storage, and use of restraints.

Self-reported information is not always accurate. Without directly assessing whether homes comply with the Guidelines, Saskatoon does not know that residents at contracted special-care homes are receiving the level of care it expects or that the homes are meeting the Ministry's Guidelines.

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[16] http://www2.gov.bc.ca/gov/content/health/accessing-health-care/home-community-care/accountability/facility-and-residence-reports (7 April 2017).
[17] www.health.alberta.ca/services/continuing-care-forms.html (7 April 2017).
[18] www.health.gov.on.ca/en/public/programs/ltc/31_pr_inspections.aspx (7 April 2017).

**5. We recommend that the Provincial Health Authority periodically inspect special-care homes to assess if they comply with key areas of the Ministry of Health's *Program Guidelines for Special-care Homes*.**

## Collaborative Approach to Addressing Deficiencies Not Effective

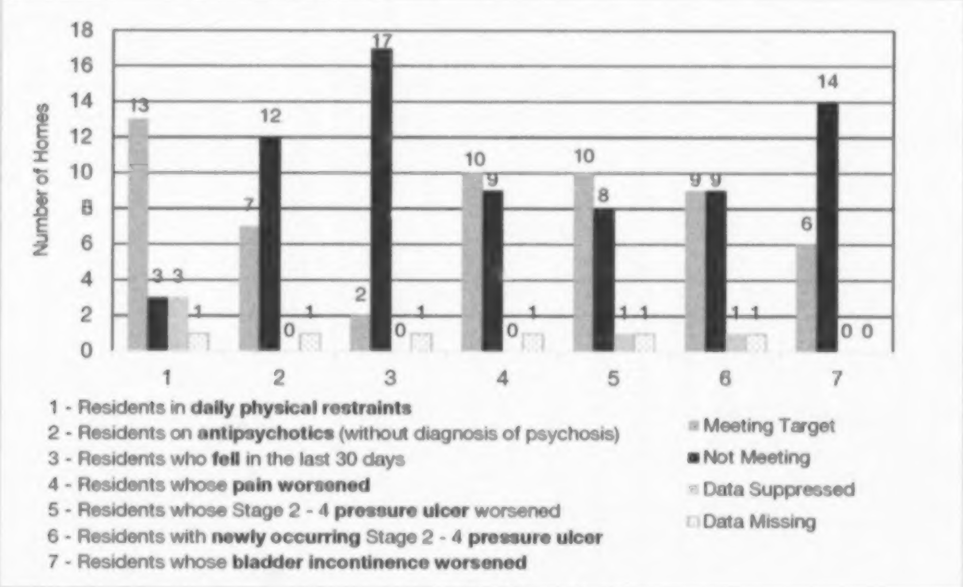
As the contracts expect, Saskatoon and special-care homes take a collaborative and co-operative approach to address identified areas where homes are not achieving the Ministry's targets related to the Ministry's 7 performance measures.

For example, Saskatoon uses its daily operational huddles with the homes' management to identify and escalate issues, incidents, or concerns. It helps homes identify potential solutions.

Despite these efforts, our analysis found each contracted home did not meet at least one of the Ministry's 7 performance targets. For example, as shown in **Figure 4**, for the three-month period ending September 2016, over half of the homes (i.e., 12 of 20) had more residents than expected on antipsychotic drugs without a diagnosis of psychosis. Also, for over three-quarters of them (i.e., 17 of 20 homes), more residents than expected fell within the last 30 days. Almost three-quarters of them had more residents than expected with worsening bladder incontinence.

When we looked at the data for the last three years, we found contracted special-care homes have not met the Ministry's targets for the same performance measures for the last three years (e.g., 14 special-care homes did not meet the Ministry's target for residents whose bladder incontinence worsened in 2014 and in 2016).

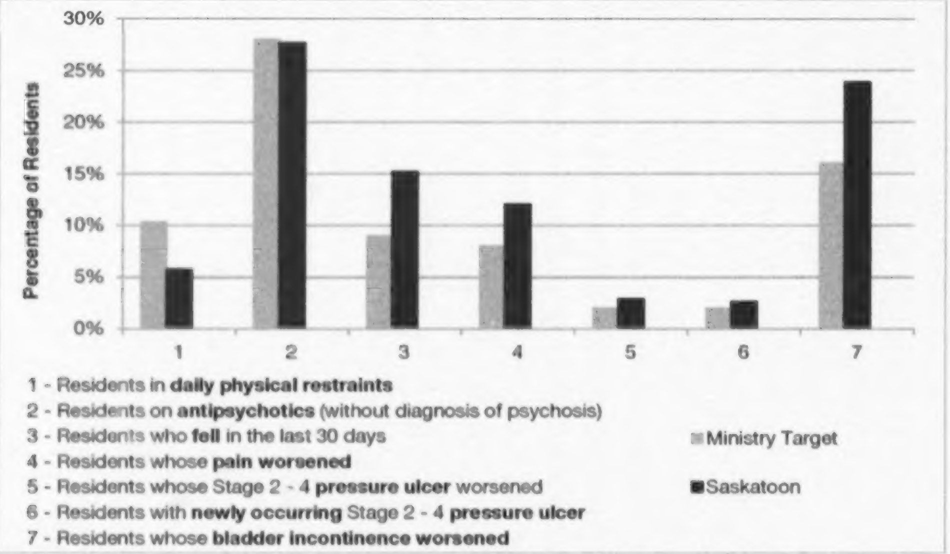
**Figure 4—Number of Saskatoon Contracted Special-Care Homes Meeting and Not Meeting Ministry's 7 Performance Targets for July – September 2016**



Source: Adapted from information provided by Saskatoon Regional Health Authority.

When we compared the results of contracted special-care homes to the region overall, we found similar results. For example, as **Figure 5** shows, for the three-months ending September 30, 2016, Saskatoon (as an entire region) did not meet the Ministry targets for five of the 7 performance measures (i.e., Saskatoon's rates were higher than the Ministry's target). For example for this period, Saskatoon, at almost 24%, was not meeting the Ministry's target of 16% of its residents not being affected by worsening bladder incontinence.

**Figure 5—Saskatoon's Percentage of Residents Compared to the Ministry's 7 Performance Measure Targets for July – September 2016**



Source – Adapted from information provided by Saskatoon Regional Health Authority.

While we recognize the importance of Saskatoon maintaining positive and productive working relationships with each of the contracted homes, the continued inability of homes to achieve the Ministry's targets may suggest Saskatoon has not been successful in identifying root causes and addressing underlying issues where lower than expected quality of care is provided.

Not being successful in identifying and addressing the underlying reasons can result in poor quality of care being provided for a longer period. Poor quality of care may negatively impact the quality of lives of residents in special-care homes.

6. **We recommend that the Provincial Health Authority take prompt action when it finds non-compliance with key measures that assess special-care homes compliance with the Ministry of Health's *Program Guidelines for Special-care Homes*.**

## 5.0 INDEX TO PROGRAM GUIDELINES FOR SPECIAL-CARE HOMES

The following is the index to the Ministry of Health's *Program Guidelines for Special-care Homes*. The Ministry of Health considers the Guidelines noted in blue in this index as key for quality of care.

**1. Introduction to Program Guidelines**
1.1 Purpose of the Special-care Homes
1.2 Philosophy of Special-care Home Program
1.3 Objectives of Special-care Home Program
1.4 Care Standards

**2. Rights and Responsibilities**
2.1 Resident Rights and Responsibilities
2.2 Special-care Home Rights and Responsibilities
2.3 Resident Abuse

**3. Consents**
3.1 Admission Consent
3.2 Disclosure of Health Information Consent
3.3 Health Care Directives
3.4 Routine Diagnostic Tests Consent
3.5 Treatment in Hospital or Health Centre Consent

**4. Access to Service**
4.1 Coordinated Access
4.2 Eligibility Criteria
4.3 Acceptance Criteria
4.4 Admission Agreements
4.5 Transfers
4.6 Discharge from a Special-care Home
4.7 Referrals to Other Agencies
4.8 Placement Criteria
4.9 Placement Appeal Process
4.10 Communication Processes for Residents Entering Leaving and Returning to the Facility

**5. Types of Care**
5.1 Long Stay Care
5.2 Adult Day Programs
5.3 Palliative Care
5.4. Respite Care
5.5 Convalescent Care
5.6 Rehabilitative Care
5.7 Night Care

**6. Resident Charges**
6.1 Income-Tested Resident Charges
6.2 Adult Day Program Charges
6.3 Palliative Care Charges
6.4 Respite Care Charges
6.5 Convalescent Care Charges
6.6 Residents Under 18
6.7 Other Payers Responsible
6.8 Accounts in Arrears
6.9 Refusal to Leave Temporary Care
6.10 Supply Charges
6.11 Night Program Charges

**7. Resident Income Resources**
7.1 Income Security and Assistance Programs
7.2 Prescription Drug Plan

**8. Administration**
8.1 Personal Belongings
8.2 Power of Attorney/Property Guardianship
8.3 Research and Education
8.4 Resident Trust Accounts
8.5 Safekeeping of Valuables
8.6 Trusteeship

**9a.** **Assessment Process**
- 9a.1 Resident Assessment Tool
- 9a.2 Reassessment of Resident Care Needs
- 9a.3 Resident Assessment Instrument Minimum Data Set Assessment Outputs

**9b.** **Minimum Data Set (MDS)**
- 9b.1 Assessment Completion of Full MDS
- 9b.2 Authentication of Resident Assessment Data
- 9b.3 Locking/Unlocking Resident Data
- 9b.4 Resident and Facility Numbers
- 9b.5 Retention of MDS Assessment Form
- 9b.6 Timeline Standards for MDS

**10.** **Professional Services**
- 10.1 Diagnostic Services
- 10.2 Physician Services
- 10.3 Other Health Professional Services
- 10.4 Social Worker Services
- 10.5 Therapy Services

**11.** **Nursing and Personal Care Providers**
- 11.1 Staff Meetings
- 11.2 Specialty Practice Procedures/RN Clinical Protocols
- 11.3 Privately Hired Care
- 11.4 Regulated Nurses
- 11.5 Staff Orientation
- 11.6 Staff Development
- 11.7 Staffing Requirements (research underway)
- 11.8 Continuing Care Assistants/Special-care Aides

**12.** **Supportive Services**
- 12.1 Recreational Services
- 12.2 Resident Information Handbook
- 12.3 Resident and Family Council
- 12.4 Saskatchewan Aids to Independent Living (SAIL) Programs
- 12.5 Spiritual and Cultural Services
- 12.6 Volunteer Services

**13.** **Food and Nutrition Services**
- 13.1 Dining Assistance for Residents with Dysphagia
- 13.2 Dining Experience
- 13.3 Food Safety
- 13.4 Food Service Quality Improvement Program
- 13.5 Nutritional Assessments
- 13.6 Meal & Snack Service
- 13.7 Staff Development
- 13.8 Therapeutic Nutritional Products
- 13.9 Tube Feeding

**14.** **Lifestyle Options**
- 14.1 Smoking Tobacco Products
- 14.2 Liquor in the Special-care Home
- 14.3 Pets in the Special-care Home

**15.** **Resident Care**
- 15.1 Death of a Resident
- 15.2 Falls Prevention
- 15.3 Intravenous Therapy
- 15.4 Resident Refusal of Care
- 15.5 Resident Care Plans
- 15.6 Resident Centred Care
- 15.7 Resuscitative Services
- 15.8 Resident Outings
- 15.9 Managing Behaviors
- 15.10 Restraints
- 15.11 Medication Management

**16.** **Record Keeping**
- 16.1 Charting Requirements/Master Signature List
- 16.2 Resident Care Records
- 16.3 Retention of Records

**17.** **Incidents/Concerns**
- 17.1 Incident Reviews Investigation and Reporting
- 17.2 Quality Improvement
- 17.3 Quality of Care Concerns

18. **Physical Environment**
    18.1 Design and Aesthetics of Special-care Home
    18.2 Housekeeping Services
    18.3 Laundry Services
    18.4 Preventative Maintenance and Repair
    18.5 Water Temperature

19. **Health and Safety Residents and Employees**
    19.1 Biological Waste Management
    19.2 Employee Access to Immunization
    19.3 Immunizations for Special-care Home Employees
    19.4 Infection Control Program
    19.5 Occupational Health and Safety Program
    19.6 Occupational Health Committee
    19.7 Outbreak Management
    19.8 Tuberculin Skin Test

20. **Emergency Preparedness**
    20.1 Fire Safety
    20.2 Emergency Plans

21. **Reporting Requirements**
    21.1 Reporting to the Ministry of Health

Source: www.saskatchewan.ca/~/media/files/health/health%20and%20healthy%20living/manage%20your%20health%20needs/care%20at%20home%20or%20outside%20of%20hospital/special%20care%20homes/program%20Guidelines%20may%202016.pdf (3 March 2017).

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# Chapter 13
# SaskTel—Purchasing Fibre Optic Network Upgrade and Other Network Hardware

## 1.0 MAIN POINTS

Almost one-quarter of SaskTel's purchases in 2016 were for its fibre optic network upgrade and other network hardware.

In 2016, SaskTel had generally effective processes to purchase goods and services for its fibre optic network and other network hardware. It needs to strengthen its processes in the following areas.

SaskTel needs to log the names of staff evaluating purchase proposals to avoid the risk of a perceived bias or conflict of interest. It must obtain appropriate approvals in situations when expected dollar values of purchases of materials increase after initial approval was obtained. In addition, it needs to track supplier feedback, and provide guidance for resolving unsatisfactory performance of suppliers. Feedback from suppliers provides information useful in improving purchasing processes. Guidance for resolving supplier's issues helps ensure suppliers are treated in a consistent manner.

Not having strong processes to buy goods and services increases the risk SaskTel may not be transparent, fair, and achieve best value.

## 2.0 INTRODUCTION

SaskTel, a Crown corporation, is the largest provider of telecommunications services in the province including wireless phone service, wired phone service, internet access, and cable television.[1] *The Saskatchewan Telecommunications Act* outlines the purpose of SaskTel, which includes the *construction, maintenance and operation of a telecommunication system*.

This chapter reports the results of our audit of SaskTel's processes to buy goods and services related to its fibre optic network upgrade and other network hardware.

### 2.1 SaskTel Purchasing—Fibre to the Premises

In the 12-month period ended December 31, 2016, SaskTel bought $552.1 million of goods and services. As shown in **Figure 1**, in 2016, 24% of its purchases were for equipment and related services for its fibre optic network upgrade and other network hardware.

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[1] www.sasktel.com/about-us/company-info/company-information (25 January 2017).

**Figure 1—Three-year History – SaskTel's Purchases of Goods and Services**

| | 2016 | 2015 | 2014 |
|---|---|---|---|
| | (in millions) | | |
| Total Goods and Services Purchases | $ 552.1 | $ 571.3 | $ 574.7 |
| Network Hardware | $ 84.6 | $ 81.2 | $ 69.7 |
| Fibre Optic Network Upgrade | 46.6 | 43.5 | 40.3 |
| **Total Network and Fibre Optic Network Upgrade** | **$ 131.2** | **$ 124.7** | **$ 110.0** |
| % of Total Purchases | 24% | 22% | 19% |

Source: SaskTel.

Modern telecommunications networks increasingly rely on fibre optics. Fibre optics allow for improved service as compared to traditional copper cables.

In April 2012, SaskTel launched a program to expand the reach of its fibre network in the province and improve service to its customers. It calls this program the Fibre to the Premises program.[2] SaskTel expects to spend $670 million[3] over 12 years under this program.[4] During this program, SaskTel aims to replace the copper-based network in Saskatchewan's nine major centres: Saskatoon, Regina, Moose Jaw, Prince Albert, Weyburn, Estevan, Swift Current, Yorkton, and North Battleford.[5]

SaskTel has a vital role in maintaining communications infrastructure in Saskatchewan. The fibre optic network upgrade will help SaskTel's telecommunications services keep pace with new technology. Given the cost and 12-year duration of the project, SaskTel's purchases must be transparent, fair, and support the achievement of best value.

## 3.0 AUDIT OBJECTIVE, SCOPE, CRITERIA, AND CONCLUSION

The objective of this audit was to assess SaskTel's processes, for the 12-month period ended December 31, 2016, to purchase equipment and related services for its fibre optic network upgrade and other network hardware.

We examined SaskTel's purchasing policies, procedures, and reports and interviewed various staff about purchasing processes. We focused our testing of purchases on those related to the Fibre to the Premises program and network hardware. We also accompanied staff inspecting Fibre to the Premises installations.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskTel's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. SaskTel agreed with the criteria (see **Figure 2**).

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[2] www.sasktel.com/about-us/news/2015-news-releases/sasktel-announces-saskatchewan-network-investment (25 January 2017).

[3] SaskTel, *2015/16 Annual Report*, (2016), p. 5.

[4] Ibid., p. 66.

[5] Ibid.

**Figure 2—Audit Criteria**

1. **Set policies for procurement of goods and services**
   1.1 Develop and approve policies for purchasing goods and services
   1.2 Align policies with externally-imposed requirements (e.g., New West Partnership Trade Agreement,[A] Agreement on Internal Trade,[B] CIC Crown Sector Procurement Preference Policy)
   1.3 Update policies periodically
   1.4 Communicate purchasing policies
   1.5 Monitor and report on compliance with policies
2. **Define the needs and specifications for required goods and services**
   2.1 Define the need in sufficient detail for supplier and agency understanding
   2.2 Define specifications to encourage open and effective competition
   2.3 Specify other requirements (e.g., warranty, delivery, packaging, performance guarantees)
   2.4 Use specifications that support government and organization policies
3. **Obtain quotations fairly**
   3.1 Identify feasible sources of supply
   3.2 Obtain appropriate authorization to initiate purchase (e.g., approval to tender)
   3.3 Give equal and fair treatment to potential suppliers
4. **Select suppliers for required goods and services**
   4.1 Evaluate potential suppliers for best value
   4.2 Document decision for supplier selection
   4.3 Obtain appropriate approval to buy goods and services
   4.4 Inform bidders of purchasing decision (e.g. request for proposal, tender)
   4.5 Obtain written contractual agreements
5. **Manage suppliers**
   5.1 Validate suppliers
   5.2 Pay suppliers in accordance with written contracts
   5.3 Take internal action on performance problems
   5.4 Report performance problems to supplier

[A] The New West Partnership Trade Agreement (NWPTA) is an accord between the governments of British Columbia, Alberta, Manitoba, and Saskatchewan that creates Canada's largest, barrier-free, interprovincial market. www.newwestpartnershiptrade.ca/the_agreement.asp (25 January 2017).

[B] The Agreement on Internal Trade (AIT) is an intergovernmental trade agreement signed by Canadian First Ministers that came into force in 1995. Its purpose is to reduce and eliminate, to the extent possible, barriers to the free movement of persons, goods, services, and investment within Canada to establish an open, efficient, and stable domestic market. www.ait-aci.ca/overview-of-the-agreement/ (25 January 2017).

**We concluded that for the 12-month period ended December 31, 2016, SaskTel, except for the following areas, had effective goods and services purchasing processes related to the fibre optic network upgrade and other network hardware.**

**SaskTel needs to log the names of staff evaluating tenders, and review purchase approvals when costs or quantities of materials increase after initial approval. In addition, it needs to track supplier feedback, and provide guidance for resolving unsatisfactory performance of suppliers.**

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 2**.

## 4.1 Policies for Purchasing Goods and Services Current and Reasonable

SaskTel has current, reasonable, and approved policies for purchasing goods and services. The key policies include Procurement (purchasing), Final Authorization,[6] and Corporate Signing Authority policies.[7]

SaskTel has made the Supply Chain Management division of its Corporate Services branch responsible for purchasing all goods and services for SaskTel, including those related to the fibre optic network upgrade. This division's responsibilities include keeping policies current and complied with.

SaskTel updated most of these policies in 2016. It strengthened and clarified them. Late in 2016, SaskTel combined the Final Authorization and Corporate Signing Authority policies into a single Board-approved policy. Also in 2016, SaskTel updated its executive-approved purchasing policy. The updated purchasing policy requires SaskTel staff to review and update it every four years. SaskTel used its updated purchasing policy for all of 2016.

SaskTel's policies link purchase decisions to the total dollar value of the purchase. For example, its Final Authorization Policy assigns authority to approve purchases based on the expected and actual dollar value of the transaction.

The updated purchasing policy sets clear requirements for purchasing activities and is also based on expected dollar value. The policy provides guidelines on obtaining quotes, and tendering.

As shown in **Figure 3**, SaskTel uses purchasing cards for lower dollar value purchases, and obtains quotes for medium dollar value purchases. For high dollar value purchases, SaskTel follows a competitive purchasing process. This process includes posting to SaskTenders[8] and formally evaluating the bids it receives. The policy requires approval of both the originating area in SaskTel and the purchasing area before initiating a purchase. The updated purchasing policy aligns with externally imposed requirements such as the New West Partnership Trade Agreement (NWPTA) and applicable policies of the Crown Investments Corporation, SaskTel's parent company. SaskTel is exempt from the Agreement on Internal Trade due to the competitive nature of its business.

As a Crown corporation, some of its larger purchases fall under the NWPTA.[9] The agreement requires tendering goods over $25,000 and services or construction projects over $100,000.

The updated purchasing policy includes the requirements of the Government of Saskatchewan Best Value Procurement Policy. Under these requirements, SaskTel must consider both the supplier price offered and other factors such as quality and expertise.

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[6] Final authorization refers to the conditions upon which SaskTel employees can authorize cash inflows and revenues, cash outflows and commitments and external investments. It also establishes authorization authority for key non-monetary and general management decisions.

[7] Corporate signing authority requires the review of contracts related to the acquisition (by sale, lease or otherwise) of goods and services between SaskTel and third parties by appropriate groups before finalization.

[8] SaskTenders is a government website (www.sasktenders.ca) administered by the Ministry of Central Services. This website facilitates government purchases of goods and services.

[9] www.newwestpartnershiptrade.ca/the_agreement.asp (25 January 2017).

The aim of this approach is to make a purchasing decision that generates the highest possible value for SaskTel.

SaskTel systematically communicates new and revised policies to staff. It maintains all policies on its internal website. SaskTel uses other processes to communicate and reinforce new and revised policies. For example, it had face-to-face meetings, workshops, and videoconferences.

**Figure 3—Minimum Tendering and Quotation Requirements**

| Purchase Description | Purchase Methods |
|---|---|
| Low Dollar Value (<$5,000) (e.g., stationery supplies) | › Purchasing card<br>› Purchase Order for goods<br>› Obtain three quotes to get best value (optional) |
| Medium Dollar Value (>$5,000 to <$10,000 for goods, or >$5,000 to <$25,000 for services or goods/services combo) | › Obtain three written quotations<br>› Purchase Order for goods is required<br>› Agreement for services or a combination of goods and services is required |
| High Dollar Value (>$10,000 for goods, or >$25,000 for services or goods/services combo) | › Competitive purchasing process must be used such as an RFP, RFQ,[A] Tender, or ACAN[B] (unless exempted)<br>› Post to www.sasktenders.ca<br>› A formal evaluation matrix with evaluation criteria is required<br>› A written contract with the successful supplier is required |

Source: SaskTel Purchasing Policy.

[A] RFP – Request for Proposal, RFQ – Request for Quote.

[B] ACAN – an Advanced Contract Award Notice is a formal notification by SaskTel to the public at large of the intention of SaskTel to award a contract to a supplier without SaskTel engaging in the normal competitive purchase process.

## 4.2 Templates Support Consistent Use of Purchasing Policies

SaskTel makes forms and templates (Material Request Forms, Purchase Requisition Forms, standard wording for agreements) available to assist staff and promote consistent application of those policies.

For example, we found that SaskTel's RFP template, used to obtain quotes, is consistent with SaskTel's purchasing policy. It specifies the key external requirements (e.g., preference to NWPTA region suppliers, use of best value approach). The template also includes other factors such as consideration of supplier experience, reliability of supplier, technical support, quality, price, warranties, and financial stability. SaskTel uses these factors to evaluate proposals.

## 4.3 Legitimacy of Suppliers Validated Prior to Use

SaskTel checks the legitimacy of a supplier before it approves the use of a supplier.

SaskTel only invites approved suppliers to participate in supplying it with goods and services. Interested suppliers must register with SaskTel beforehand. It makes the process for suppliers to register readily available through SaskTel's website.[10] It does various checks (e.g., website checks, duplicate suppliers, registered GST number) before it accepts and approves new suppliers for use.

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[10] www.sasktel.com/wps/wcm/connect/content/home/about-sasktel/supplier-info/ (15 March 2017).

The IT contract management system (called Ariba) has controls for the approval of new suppliers. For the four new suppliers we tested in its contract management system, all were supported as legitimate suppliers for the program.

SaskTel uses its contract management system to capture key information about approved suppliers (e.g., name, address, GST number). It gives registered suppliers the ability to log into this system to check for purchasing events.[11]

## 4.4 Process to Resolve Supplier Issues Not Formalized

While the informal process SaskTel uses to discuss issues with supplier performance and escalate unresolved issues is well known to staff, it is not set out in a policy or procedure.

The purchasing policy requires monitoring of supplier performance. But it does not outline performance communication required to suppliers or to SaskTel management.

A majority of SaskTel employees[12] work with suppliers to some extent.

Not having written guidance for resolving supplier issues increases the risk of staff not treating suppliers consistently. For example, staff may not report, escalate and resolve supplier issues in a consistent manner or as SaskTel expects. In addition, written guidance would facilitate consistent communication to suppliers about performance problems and implications of providing SaskTel with poor performance.

1. **We recommend that SaskTel provide written guidance for resolving supplier performance issues.**

## 4.5 Supplier Performance Tracked and Considered when Making Purchases

SaskTel monitors performance problems with suppliers and uses this information when making purchase decisions.

Annually, SaskTel surveys its staff on the performance of key suppliers. It records the survey results in its IT contract management system. This makes the results accessible to staff involved in purchasing. Also, it give its key suppliers feedback based on the survey results. SaskTel also completes inspections of Fibre to the Premises installations and works with installation technicians to resolve issues (e.g., training).

In addition, it formally considers supplier past performance when making purchase decisions by including supplier performance in its supplier evaluation criteria.

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[11] A purchasing event includes all types of request for proposals or quotes.

[12] SaskTel has about 4,000 employees (SaskTel, *2015/16 Annual Report*, (2016), p. 25).

As part of its monthly reporting on purchases, SaskTel gives its executive (Vice President, Human Resources and Corporate Services) information on unsatisfactory supplier performance.

## 4.6 Compliance with Purchasing Policies Formally Monitored

SaskTel actively monitors and reports on compliance with its purchasing policies. It captures key information in its IT contract management system to assist this process.

SaskTel implemented this system in March 2015. The system provides scheduled reporting for SaskTel suppliers on purchasing events. The system can provide information to support assessment of non-compliance with purchasing policies.

Starting June 2016, purchasing staff use the system to monitor the purchases and non-compliance with the policies related to the area for which they are responsible. They use the dashboard-reporting feature in the system to monitor key information. Dashboards provide at-a-glance views of key performance information (e.g., expiring contracts, supplier approvals, source supplier contracts, field service orders)

Management also uses the dashboards to oversee purchasing. Management assesses the capacity and workflow for purchasing staff, including compliance with payment terms/contract extension options. Management meets regularly with purchasing staff to discuss issues such as contracts, supplier performance, and number of purchasing events.

In addition, SaskTel's executive receives reports on purchasing and discusses them with management each month. These reports highlight key issues and supplier performance (e.g., key suppliers/contracts, supplier performance, number of purchasing events, and key topics). Periodically, management gives the Board of Directors reports on key items such as Fibre to the Premises program updates.

As of January 2017, management had begun to monitor compliance with the updated purchasing policy.

## 4.7 Policies Used in Purchasing Goods and Services for the Program

In the following section, the program includes SaskTel's fibre optic network upgrade and other network hardware.

### 4.7.1 Decisions on Fibre to the Premises Program and Network Hardware Used as Basis for Purchasing Plans

For the Fibre to the Premises program, SaskTel decides which areas of the province it plans to upgrade to fibre services, and uses this plan to forecast its purchasing needs.

To identify the goods and services needed for this program, the SaskTel purchasing staff collaborate with the Fibre to the Premises staff and engineering staff. Examples of goods and services needed include fibre cable, conduit, cabinets, steel pedestals, and installation services. For certain larger purchases, Fibre to the Premises staff prepared business cases setting out the purchase needs in more detail. SaskTel executive and the Board reviewed and approved these business cases before initiating purchases.

In 2016 for this program, SaskTel issued 62 tenders and one Advanced Contract Award Notice (ACAN) for the purchase of equipment and related services.

### 4.7.2 Purchase Method and Approval to Initiate Purchase Appropriate

SaskTel followed its purchasing policy when selecting the method (see **Figure 3**) to purchase goods or services for the program.

SaskTel's purchasing area worked with the Fibre to the Premises staff on selecting the purchase method. We found that for most of the purchases we tested that SaskTel used a competitive process.

For four items we tested where SaskTel did not use a competitive purchasing method (i.e., used sole-source[13] method), it documented its reasons for not using a competitive process as its policy expected (using Request for Exemption Form). For these items, the reasons were consistent with those permitted in its policy (e.g., urgency, only one supplier has the good or service required, confidential nature). In addition, for each of these items, SaskTel obtained the appropriate approval prior to initiating the purchase (i.e., internal committee of three SaskTel executives decided the exemption was appropriate and approved the request).

For 12 items we tested where SaskTel selected a competitive purchasing method (e.g., tender, RFP, RFQ), the method that SaskTel selected was consistent with its purchasing policy. A competitive process allows for an equal and fair opportunity for potential suppliers.

For one of the items we tested, SaskTel used an ACAN. In this instance, an internal committee required an ACAN to check for other potential suppliers. If other potential suppliers exist, SaskTel proceeds to a competitive process. In this instance, a potential supplier challenged the use of the ACAN and SaskTel used a competitive process.

In addition, for all items we tested, SaskTel obtained appropriate approval to initiate and proceed with the purchase (see **Section 4.1**). The approval to proceed with a purchase provides evidence that a second individual agrees with the purchase method selected. Selecting a purchase method appropriate to the circumstances and consistent with its policies provides equal and fair treatment to potential suppliers.

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[13] A common phrase to describe a non-competitive process is single source or sole source.

### 4.7.3 Needs and Specifications Sufficiently Detailed

For all 12 competitive items we tested, SaskTel communicated its needs and specifications neutrally and in sufficient detail to solicit suppliers interested in the purchase.

For all 12 items we tested, the purchase specifications sufficiently detailed the goods or services needed. These specifications were not overly restrictive which helps to encourage open and effective competition. In addition, for these items, SaskTel used SaskTenders to communicate the specifications for products and services to potential suppliers. When specifications included sensitive information, it required potential suppliers to sign non-disclosure agreements prior to accessing the sensitive information.

For 11 of the 12 items we tested, multiple suppliers submitted bids. Receipt of multiple bids supports the achievement of best value and suggests potential suppliers understood and found specifications of sufficient detail to make a bid.

The remaining one item received only one bid. Management considered this reasonable given the circumstances of the purchase (e.g., nature of the requested work and size of community). We agree.

SaskTel allows bidders to ask questions through its IT contract management system so that all potential bidders can see the question and responses. This helps ensure all potential suppliers receive the same information at the same time.

For the 12 items we tested requesting bids, time between the posting of the bid or RFP and the submission deadline date was consistent with SaskTel's procurement policy. The policy requires a minimum of five business days for standard tendering time; and longer posting time for more complex purchases.

### 4.7.4 Suppliers Selected Based on Criteria But Evaluators Not Documented

For the program, SaskTel used evaluation criteria as the basis of selecting suppliers but did not keep track of names of individuals who did the evaluation.

For the 12 items we tested requesting bids or proposals, SaskTel set the supplier evaluation criteria at the RFP stage and prior to receipt of potential supplier responses as its policy expects. For each, it developed an evaluation checklist that included other factors (e.g., quality, expertise, warranty) to help determine the best value. In addition, for these items, SaskTel used and documented its assessment of potential suppliers based on evaluation criteria and selected suppliers consistent with the results of their evaluation.

For 11 of those 12 items we tested, SaskTel awarded the successful supplier within one month of the submission deadline date. For one item, it awarded the successful supplier about seven months after the deadline date due to unforeseen circumstances. It advised the supplier of the situation and kept the supplier informed of the delay.

However, for 8 of the 12 items we tested, SaskTel did not document the names of staff who did the evaluation. Documenting the names of staff involved in the evaluations decreases the risk of a perceived bias or conflict of interest. Also, it provides a clear record of who made the supplier selection.

**2. We recommend that SaskTel, for each competitive purchase, log the names of staff evaluating proposals from potential suppliers.**

## 4.7.5 Purchase Changes for Materials Not Approved

For the program, SaskTel obtains approvals for purchases consistent with expected dollar value of purchases but does not require staff to obtain approval when expected total dollar value of purchases of materials[14] increase.

As noted in **Section 4.1**, SaskTel links approvals for purchase decisions to the expected total dollar value of the purchase. Higher expected dollar value purchases require approval of a staff member with a higher level of authority.

For all but 1 of the 22 items examined, SaskTel obtained approval from an individual with the appropriate authority consistent with its Final Authority Policy. It used a variety of methods to document this approval (e.g., Purchase Requisition Forms, Material Request Forms, Supplier Comparison/Approval Forms, and Business Cases).

In one instance, while it obtained the appropriate approval based on the initial expected dollar value of materials it planned to buy, it did not obtain a higher level of approval when it increased the purchase quantity (and therefore increased the expected dollar value of the purchase). We found SaskTel does not require its staff to reconsider the appropriateness of approvals when quantities or costs increase the expected dollar value of the purchase of materials. Management advised us that such changes are infrequent.

Not reconsidering the appropriateness of approval obtained for increases in quantity of materials and related costs increases the risk of inappropriate purchases and non-compliance with SaskTel's Final Authorization Policy.

**3. We recommend that SaskTel implement a process to obtain appropriate level of approval when expected dollar values of purchases of materials increase after initial approval.**

## 4.7.6 Communication of Selection of Supplier Timely but Tracking of Supplier Feedback Sessions Needed

For the program, SaskTel communicates with successful and unsuccessful bidders in a timely manner. SaskTel does not track the occurrence or the results of debriefing sessions with unsuccessful bidders.

For all 12 competitive items we tested, SaskTel communicated with successful and unsuccessful suppliers within a reasonable period. It used various methods such as award and rejection letters, issuing purchase orders, and/or posting the successful supplier on SaskTenders.

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[14] Standard materials stocked in SaskTel's warehouses.

SaskTel advises unsuccessful suppliers that they can request a debrief session with SaskTel. This allows unsuccessful suppliers to both receive and provide valuable feedback on the purchasing process. We found that SaskTel does not track the occurrence of these sessions or the resulting discussions.

Documenting the feedback from suppliers would provide SaskTel more information to improve its best value purchase decisions, and improve its purchasing process.

4. **We recommend that SaskTel track supplier feedback to inform purchasing process improvements.**

### 4.7.7 Contracts Timely and Payments Appropriately Approved

For the program, SaskTel signed contracts within a reasonable timeframe with selected suppliers (where contracts were warranted) and paid suppliers based on agreed upon terms. As noted in **Section 4.2**, SaskTel uses standardized wording for contracts and agreements.

Thirteen of 17 items we tested required a contract. For each of these items, SaskTel's legal team was involved in both the creation and execution of the contracts. In addition, SaskTel and the supplier completed and appropriately signed the contract within a reasonable time after the selection of the successful supplier.

For all items we tested, SaskTel verified the supplier delivered the agreed upon goods or services, verified the amount invoiced agreed to the contract or purchase order, appropriately approved payment, and paid suppliers consistent with the agreed upon terms of the purchase.

## 5.0 SELECTED REFERENCES

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# Chapter 14
# Technical Safety Authority of Saskatchewan—Inspecting Elevating Devices

## 1.0 MAIN POINTS

The Technical Safety Authority of Saskatchewan (TSASK) administers Saskatchewan's safety programs for elevating devices (e.g., elevators, escalators).

Generally, TSASK had effective processes to inspect almost 4,000 elevating devices located across the province. TSASK needs to:

- Document key information and processes surrounding inspections
- Perform in-service inspections of escalators in accordance with a risk-informed strategy
- Monitor whether device owners resolve deficiencies within an acceptable timeframe
- Define the expected frequency for inspecting elevating devices to enable reporting of overdue inspections

Effective regulation of elevating devices is important to help prevent device malfunction and keep the public safe.

## 2.0 INTRODUCTION

TSASK is a not-for-profit organization established under *The Technical Safety Authority of Saskatchewan Act* (TSASK Act). TSASK administers Saskatchewan's safety programs for boilers, pressure vessels, elevating devices, and amusement rides on behalf of the Ministry of Government Relations (Ministry) under the Safety Standards Agreement (Agreement).

For the purposes of this audit, elevating devices refer to any apparatus, appliance, or device used for lifting or lowering persons or material from one permanent level, floor, or landing to another.[1]

Refer to **Section 5.0** for a definition of terms in **bold** font.

### 2.1 Responsibilities for Inspecting Elevating Devices

The TSASK Act and Agreement assign TSASK with the responsibility for administering and enforcing *The Passenger and Freight Elevator Act* (Elevator Act) and *The Passenger and Freight Elevator Regulations, 2003* (Elevator Regulations).

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[1] *The Passenger and Freight Elevator Act*, Section 2(d).

The Elevator Act makes TSASK responsible for inspecting elevating devices periodically and when a reason to believe a device may be unsafe exists. In addition, the Elevator Regulations require elevating device owners to inspect or test their elevating devices as follows:

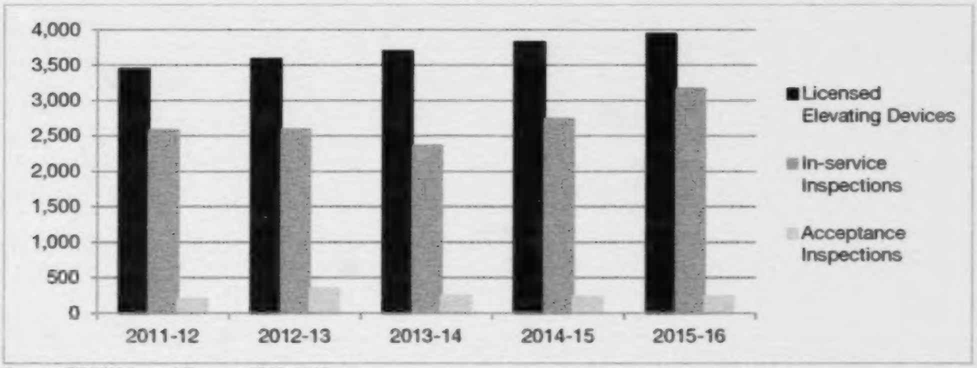
- Intervals not exceeding five years for electric and hydraulic elevators[2]
- Intervals not exceeding one year for escalators[3]
- Before putting into operation any new elevators or existing elevators undergoing major alterations or reinstallations[4]

The Elevator Regulations also establish the safety standards (e.g., Safety Code for Elevators and Escalators [ASME A17 / CSA B44 Code])[5] that TSASK inspectors and elevating device owners must use when inspecting or testing elevating devices.

The Agreement requires TSASK to regularly report to the Ministry on its administration and enforcement activities.

As shown in **Figure 1**, over the past five years the number of licensed elevating devices in Saskatchewan has increased by about 14%—from 3,450 in 2011-12 to 3,938 in 2015-16. These devices are located across the province. Over the same period, the total number of **in-service inspections** and **acceptance inspections** have increased by 22%—from 2,583 in-service and 203 acceptance inspections in 2011-12 to 3,165 in-service and 237 acceptance inspections in 2015-16.

**Figure 1—Licensed Elevating Devices and Inspections from 2011-12 to 2015-16**



Source: TSASK Annual Reports 2012-2016.

In 2015-16, TSASK had 7.5 full-time equivalent (FTE) staff (2014-15: 6.5 FTEs), including one manager, devoted to inspecting elevating devices and other types of equipment that TSASK regulates (i.e., amusement rides).[6] TSASK also has a Chief Inspector appointed pursuant to the Elevator Regulations. In 2015-16, TSASK spent $1.0 million on elevating device inspections (2014-15: $0.8 million) as well as inspections of other types of equipment regulated by TSASK.[7]

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[2] *The Passenger and Freight Elevator Regulations, 2003*, Sections 26 and 27.
[3] Ibid., Section 28.
[4] Ibid., Section 20.
[5] The American Society of Mechanical Engineers (ASME) and the Canadian Standards Association (CSA) develop and maintain the Safety Code for Elevators and Escalators (ASME A17 / CSA B44 Code). The ASME A17 / CSA B44 Code provides requirements applying to the design, construction, installation, operation, testing, inspection, maintenance, alteration, and repair of elevating devices. www.asme.org/products/codes-standards/a171csa-b44-2013-safety-code-elevators-escalators (10 January 2017).
[6] Adapted from information provided by TSASK.

Effective regulation of elevating devices helps keep the public safe. Regular and proper inspections are a key component of effective regulation.

Inspections confirm whether elevating devices are properly designed, operated, and maintained. They can identify equipment deficiencies (e.g., an elevator car running with an open door, brake failure, elevating devices being off level) before deficiencies cause damages to property, injuries, or deaths. Malfunction of an elevating device can cause significant harm to facilities, staff, and the public.

In addition, a strong inspection regime encourages device owners to maintain elevating devices within industry standards, and reduces the risk that equipment deficiencies go undetected and unaddressed.

## 3.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether the Technical Safety Authority of Saskatchewan had effective processes for inspecting elevating devices for the 12-month period ended November 30, 2016.

We examined TSASK's criteria, policies, and procedures that relate to inspecting elevating devices. We tested a sample of inspections conducted during the audit period, and reviewed qualifications of TSASK's inspectors, incidents, and reports provided to senior management and the Ministry. We also observed inspections of elevating devices.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate TSASK's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. TSASK's management agreed with the criteria (see **Figure 2**).

**Figure 2—Audit Criteria**

**Processes to:**

1. **Use a risk-informed strategy for the inspection selection**
    - 1.1 Identify legislative requirements and standards for inspections
    - 1.2 Identify key risks of non-compliance
    - 1.3 Develop a strategy to address requirements and risks
    - 1.4 Periodically re-evaluate the strategy
    - 1.5 Set clear policies and procedures to carry out the strategy, including policies for the handling of incidents and complaints
2. **Carry out inspections in accordance with strategy**
    - 2.1 Use qualified personnel for inspections
    - 2.2 Carry out inspections as planned
    - 2.3 Investigate incidents and complaints
3. **Monitor compliance with standards**
    - 3.1 Report promptly identified non-compliance to affected parties
    - 3.2 Resolve deficiencies noted in inspections
    - 3.3 Report periodically to senior management, Board, and Ministry of Government Relations on compliance trends

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[7] Costs include staff salaries, benefits, travel, and training.

**We concluded that for the 12-month period ended November 30, 2016, the Technical Safety Authority of Saskatchewan had, except in the following areas, effective processes to inspect elevating devices. The Technical Safety Authority of Saskatchewan needs to:**

- **Document key information and processes surrounding inspections (i.e., keep accurate and complete inspection records, document a risk-informed strategy for prioritizing inspections, formalize procedures for handling incidents and complaints, document the sharing of inspection reports with elevating device owners)**
- **Perform in-service inspections of escalators in accordance with a risk-informed strategy**
- **Monitor whether device owners resolve deficiencies within an acceptable timeframe**
- **Define the expected frequency for inspecting elevating devices to enable reporting of overdue inspections**

# 4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we describe our expectations (in italics), key findings, and recommendations related to the audit criteria in **Figure 2**.

## 4.1 Risk-Informed Strategy for Inspection Selection Needed

### 4.1.1 Need to Confirm Accuracy and Completeness of Elevating Device Records

*We expected TSASK to have complete and accurate information regarding its elevating device inspections, as well as processes to ensure the integrity of data.*

TSASK does not have complete or accurate records of its inspections of elevating devices.

TSASK keeps its inspection records electronically. During the summer/fall of 2016, TSASK was transitioning from tracking its elevating device inspections in an electronic spreadsheet to an inspection records IT system (Basebridge). By November 2016, it had not yet completed this transition.

For 78 device records we tested for completeness and accuracy of inspection information, we found:

- One elevating device had an incorrect inspection date in both the spreadsheet and in Basebridge

- Two elevating devices from TSASK's spreadsheet were not in Basebridge

To assess the accuracy of inspection dates in Basebridge, we also compared inspection dates in Basebridge to TSASK's expectation of inspection frequency. TSASK expects staff to inspect each elevating device about every 18 months. In Basebridge, we found 673 elevating devices had inspection dates older than 18 months. This was a result of a combination of inaccurate data entry and past-due inspections.

At November 2016, TSASK did not have formal processes to check the accuracy and completeness of elevating device inspection data in Basebridge. Management advised us these differences and errors resulted from data entry errors primarily during its transition of information to Basebridge. It indicated to mitigate the risk of future data entry errors, TSASK plans to do the following:

- Have TSASK inspectors directly enter their inspection data into Basebridge—this will result in inspectors correcting inaccurate inspection dates in conjunction with the next inspection (over an 18-month period)
- Have a manager regularly review and assess the reasonableness of new inspection data entered by inspectors

Inaccurate and incomplete elevating device inspection records can result in misleading reports or untimely completion of inspections. It can also result in inefficient use of resources (e.g., conducting inspections sooner than required) because of inaccurate dates in Basebridge.

1. **We recommend that the Technical Safety Authority of Saskatchewan keep accurate and complete elevating device inspection records.**

### 4.1.2 Inspection Requirements Identified

*We expected TSASK to identify the legislative requirements for inspections.*

TSASK identified all requirements for elevating device inspections, including requirements set out in legislation, the Safety Standards Agreement, and industry standards (e.g., ASME A17 / CSA B44 Code).

To confirm whether its listing of licensed elevating devices includes all devices subject to the legislative requirements, TSASK does the following. It inspects new buildings for any elevating devices, receives information from external parties (e.g., **licensed elevating device contractors**, the Occupational Health and Safety Division of the Ministry of Labour Relations and Workplace Safety), and may receive notifications from the public if licences are not posted inside elevators.

### 4.1.3 Lack of a Risk-Informed Strategy for Prioritizing Inspections

*We expected TSASK to identify the key risks of non-compliance, and develop a strategy to address legislative requirements and related risks.*

TSASK does not have a documented and approved inspection strategy, and does not prioritize inspections using a risk-informed strategy.

As described in **Section 4.1.1**, TSASK expects staff to inspect each elevating device about every 18 months. For in-service inspections, TSASK divides the province into 40 regions. It inspects all devices within a given region before moving onto another region. Within a region, TSASK does not prioritize the timing of inspections based on assessed risk of devices and device owners not complying with standards or public safety issues. Rather, TSASK informally prioritizes the timing of inspections by types of inspections.

When prioritizing the timing of inspections, TSASK's informal inspection strategy consists of the following. TSASK gives first priority to **incidents** involving elevating devices with potential public safety issues. It gives acceptance inspections priority over in-service inspections—this recognizes, that by law, elevating devices cannot be in operation until TSASK completes and a device owner passes an acceptance inspection. In addition, TSASK prioritizes in-service inspections of ski lifts over other in-service inspections because ski lifts are only in operation seasonally.

TSASK verbally communicates this strategy to staff as it is not formally documented. Most of TSASK's elevating device inspectors are long-term staff; we found they are familiar with this strategy.

In addition, TSASK does not formally re-evaluate its inspection strategy on a periodic basis. Rather it informally discussed its strategy with stakeholders, staff, and similar organizations in other jurisdictions. Also, it does not assess a risk level (e.g., based on the probability of failure, severity of the issue, and detection risk) for each licensed elevating device. At November 2016, TSASK indicated that it is re-evaluating its inspection strategy as part of transitioning to the use of Basebridge for elevating devices.

TSASK uses Basebridge for other equipment TSASK regulates (i.e., boilers and pressure vessels). It indicated that it plans to use Basebridge in a similar way. For example, similar to how it uses Basebridge for boilers and pressure vessels, it plans to have its inspectors determine a risk level for each licensed elevating device. It expects to use these risk levels to develop a risk-based inspection strategy. It expected to begin assessing risks for individual elevating devices in spring 2017.

Developing a risk-informed strategy would allow TSASK to focus its resources on the highest risk areas. Periodically re-evaluating the inspection strategy confirms its continued relevance. Documenting the strategy will also enable staff to understand and follow consistent processes in the event of staff turnover.

2. **We recommend that the Technical Safety Authority of Saskatchewan develop a documented risk-informed strategy for prioritizing inspections of elevating devices.**

### 4.1.4 Processes for Handling Incidents and Complaints Not Documented

*We expected TSASK to set clear policies and procedures to carry out its inspection strategy, including policies for the handling of incidents and complaints.*

TSASK has clear policies and procedures to carry out inspections, but its processes for handling incidents and complaints are informal.

TSASK's inspection manual includes key policies and processes for inspecting elevating devices. TSASK makes its inspection manual and the relevant safety codes readily and electronically accessible to all staff. However, the inspection manual does not include processes for handling elevating device incidents and complaints.

Over the past four years, TSASK handled about seven incidents each year (e.g., clothing caught in an escalator). TSASK does not formally track complaints received from the public, as they are typically minor in nature. We found TSASK staff understood its informal processes for handling incidents and complaints. As previously noted, at November 2016, most of TSASK's inspectors were long-term employees.

For three incidents we tested, TSASK received reports of incidents, documented their receipt, and followed up within a timely manner; it adequately documented results of the subsequent inspections.

Documenting processes can prevent actions that do not align with expectations, promotes consistency in handling similar situations, and provides clear direction for staff in the event of staff turnover.

3. **We recommend that the Technical Safety Authority of Saskatchewan formalize its procedures for handling incidents and complaints related to elevating devices.**

## 4.2 Inspections Generally Carried Out in Accordance with Strategy

### 4.2.1 Inspectors are Qualified

*We expected TSASK to use qualified personnel for inspections consistent with industry practice. The ASME A17 / CSA B44 Code establishes the qualifications for inspectors performing in-service and acceptance inspections for elevators and escalators.*

TSASK hires appropriately qualified inspectors, requires them to maintain their qualification through professional development, and monitors that inspectors complete required safety training.

TSASK requires its inspectors to have the qualifications established by industry standards. Inspectors must have a Grade 12 education and maintain a Qualified Elevator Inspection (QEI) certification.

To maintain their QEI certifications, inspectors must maintain their knowledge in the trade through annual professional development (e.g., webinars, training offered by NAESA).[8] NAESA is responsible for issuing QEI certifications and monitors professional development hours for certified inspectors. Through NAESA, TSASK monitors whether inspectors maintain their QEI certifications.

In addition, TSASK's safety training policy also requires inspectors to attend necessary safety training (e.g., fall protection, confined space entry) every three years.

For the qualifications of three inspectors we tested, each had the qualifications to conduct elevating device inspections (i.e., were QEI certified). However, the required safety training for two of the three inspectors had recently expired in fall 2016. Management was aware of the expired safety training and had asked these two inspectors to renew their training.

### 4.2.2 Other than Escalators, Devices Inspected in Accordance with Strategy

*We expected TSASK to carry out inspections as planned.*

As described in **Section 4.1.3**, TSASK expects staff to inspect each elevating device about every 18 months and to prioritize the timing of inspections based on type of inspection (e.g., acceptance inspections, ski lifts in-service inspections).

New elevating devices or devices with major alterations require TSASK to approve the design prior to installation.

For five acceptance inspections we tested, in all cases, TSASK approved the elevating devices' designs prior to their installation; TSASK completed inspections as expected, communicated deficiencies to device owners, and confirmed resolution of deficiencies prior to devices being put into operation.

For 31 in-service inspections we tested, in all but one case (an escalator), TSASK performed the in-service inspections within 18 months of the previous inspection. We also found that TSASK checked whether device owners complied with the inspection and testing requirements set out in the Elevator Regulations, as described in **Section 2.1**.

At November 2016, Saskatchewan had about 39 escalators in operation. For over 75% of 21 escalators with in-service inspections completed that we tested, TSASK had not performed an in-service inspection within 18 months of a previous inspection. The time since the last inspection date for these devices, which are located in Regina and Saskatoon, averaged 30 months (between 19 months to 90 months). TSASK management acknowledged the reduced inspection frequency for escalators, citing occasional difficulties in scheduling inspections with device owners as escalators must be shut down and two escalator contractors must be present during an inspection.

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[8] NAESA is the National Association of Elevator Safety Authorities and certifies inspectors to the Standard for Qualified Elevator Inspectors (QEI). www.naesai.org/faq (18 January 2017).

**Figure 3** illustrates that while escalators comprise a very small percentage of the total number of elevating devices, they represent a significant proportion of reported elevating device incidents. These statistics highlight the importance of using a risk-informed strategy to help determine the frequency of inspections.

**Figure 3—Escalator Incidents from 2013 to 2016**

| | 2013-14 | 2014-15 | 2015-16 |
|---|---|---|---|
| Elevating device incidents involving escalators | 50% | 20% | 42% |
| Proportion of escalators as compared to total number of licensed elevating devices (e.g., elevators, escalators, lifts) | 1% | 1% | 1% |

Source: Adapted from information provided by TSASK.

For the elevating device incidents reported to TSASK between December 2015 and November 2016, we found TSASK had inspected each of the devices involved in these incidents within 18 months of the previous inspection.

Performing regular in-service inspections based on a risk-informed strategy reduces the risk of equipment deficiencies going undetected and unaddressed. Periodic inspections reduce the risk of elevating device incidents.

4. **We recommend that the Technical Safety Authority of Saskatchewan perform in-service inspections of escalators in accordance with a risk-informed inspection strategy.**

## 4.3 Compliance with Standards Monitored

### 4.3.1 Communication of Deficiencies Not Always Documented

*We expected TSASK to report promptly identified non-compliance (i.e., deficiencies with elevating devices) to affected parties.*

While TSASK has well-established processes for reporting identified deficiencies, it did not always follow them in that it did not consistently confirm device owners' receipt of inspection reports.

For each inspection, while on site, TSASK inspectors:

- Complete a written inspection report that documents results of the inspection including identified device deficiencies that the device owner must fix and by when (i.e., the timeframe to resolve the deficiency)
- Leave a copy of the inspection report with the elevating device to make the report available to the device owner's licensed elevating device contractor
- Provide a copy of the inspection report to the elevating device owner—whenever possible, TSASK prefers that elevating device owners sign the inspection report to show they have received it

When inspectors cannot report deficiencies to affected parties while inspectors are on site, TSASK requires them to communicate (e.g., via email) the deficiencies within one week of the inspection date.

TSASK communicates its process for reporting deficiencies to inspectors through on-the-job training, in-house training, and bi-annual inspector conferences.

We tested five acceptance inspections. In all cases, inspection reports identified deficiencies and expected due dates for repairs. Identified deficiencies were resolved within the required timeframes (i.e., before issuance of a licence and device operation), which illustrated the affected parties were promptly informed of the deficiencies identified.

For 31 in-service inspections we tested, 16% of inspection reports with deficiencies were not signed as received by the elevating device owner (i.e., not signed when the inspector was on site) and there was no evidence of when the inspector gave the reports to the owner (e.g., related emails or correspondence not retained, if any). TSASK expects implementing Basebridge will assist in documenting its communication of deficiencies to device owners.

Not documenting whether and when inspection reports are shared with the device owners increases the risk of device owners not being aware of TSASK-identified deficiencies or not fixing the deficiencies a timely manner.

5. **We recommend that the Technical Safety Authority of Saskatchewan document when it shares inspection reports with elevating device owners.**

### 4.3.2 Resolution of Deficiencies Often Not Well Monitored

*We expected TSASK to make sure deficiencies noted in inspections are resolved within a specified timeframe. We expected the timeframe to clear deficiencies would depend on the inspector's assessment of the severity of the deficiencies and their impact on safety.*

TSASK inspectors do not always actively follow up to determine whether identified deficiencies are resolved within expected timeframes.

By law (Elevator Act), elevating device owners are responsible for resolving deficiencies identified and informing TSASK once they have done so.

TSASK has clear guidance on actions inspectors are to take for deficiencies identified during inspections. These actions are based on inspectors' assessment of the severity of the deficiencies and their impact on safety. For example, if a deficiency causes an immediate safety hazard, the inspector shuts down the elevating device until TSASK has confirmed the deficiency is resolved. If the inspector determines the deficiency will not cause an immediate safety hazard, TSASK expects an elevating device owner to resolve a deficiency within a standard timeframe of 30 days. If an inspector assesses a deficiency as minor, the inspector has the flexibility to extend the timeframe to a reasonable period.

As noted in **Section 4.3.1**, the inspector notes the timeframe to resolve the deficiency on the inspection report.

TSASK does not centrally monitor the status of inspection deficiencies. Rather it expects its inspectors to actively follow up to determine whether identified deficiencies are resolved.

For 5 acceptance and 31 in-service inspection reports we tested:

- All of them included a timeframe for resolving identified deficiencies (i.e., specified timeframe)
- All of the acceptance inspection reports with identified deficiencies had evidence that the deficiencies were resolved within the specified timeframe
- Only 21% of the in-service inspection reports with identified deficiencies had evidence that the deficiencies were resolved within the specified timeframe
- TSASK had not received any notification from the elevating device owners by the specified timeframe for 47% of the in-service inspections with noted deficiencies
- TSASK received notification that the elevating device operator had corrected deficiencies only after it made inquiries to address questions from our audit (i.e., TSASK management did not previously know whether these deficiencies were corrected) for the remaining 32% of in-service inspections with noted deficiencies

A significant aspect of TSASK's responsibility for administering and enforcing the Elevator Act and Elevator Regulations includes monitoring the resolution of identified deficiencies. Active monitoring of the timely resolution of deficiencies can reduce the risk of elevating device malfunctions and any resulting safety incidents. TSASK expects implementing Basebridge will improve its processes for monitoring the resolution of deficiencies.

6. **We recommend that the Technical Safety Authority of Saskatchewan monitor whether device owners resolve deficiencies noted in its inspections of elevating devices within an acceptable timeframe.**

### 4.3.3 Other Than Overdue Inspections, Trends Tracked and Reported

*We expected TSASK to report periodically to senior management, its Board, and the Ministry of Government Relations on compliance trends related to inspecting elevating devices.*

Other than providing information on **overdue inspections**, TSASK provides sufficient periodic reports to senior management, its Board, and the Ministry on the results of its inspections of elevating devices.

Each week, the TSASK manager responsible for elevating device inspections receives updates from the inspectors about inspections recently completed, as well as plans for upcoming inspections. Each month, senior management receives a statistical report that includes information on the total number of licensed devices, the number of inspections by types (i.e., acceptance, in-service, incidents) by month, and various inspection data (e.g., total inspections performed, inspections with deficiencies, etc.) by year.

At each Board meeting, the Chief Inspector gives TSASK's Board an Operations Report. The Operations Report typically includes information since the last reporting period on elevating device inspections (e.g., overview of operations, details regarding the number of licensed devices, number of inspections, and incidents). The Board meets about four times per year.

Each quarter, TSASK gives the Ministry the information for elevating devices required under the Agreement. The Agreement requires TSASK to give the Ministry quarterly reports containing the following information:

- Total number of inspections
- Total number of reported accidents[9]
- Details regarding corrective action reports issued (i.e., inspections with noted deficiencies)
- Total number of overdue inspections (i.e., those where the last inspection date exceeds a legislated inspection frequency)

TSASK does not report the number of overdue inspections for elevating devices because the inspection frequency of elevating devices is not set out in law. That is, neither the Elevator Act nor the Elevator Regulations establish an inspection frequency for TSASK's inspections of elevating devices. At November 2016, the expected frequency for inspecting elevating devices was not set.

At November 2016, TSASK also did not track the number of inspections of elevating devices carried out later than 18 months since the previous inspection. TSASK's manual tracking of the number of inspections completed made tracking of later than anticipated inspections from its plan impractical.

As noted in **Section 4.1.1**, TSASK is transitioning to use Basebridge for tracking inspection activity for elevating devices. Once transitioned, TSASK indicated that it expects to be able to track and report on overdue elevating device inspections. It expects to complete this transition by fall 2017.

Deciding how often elevating devices should be inspected, and tracking overdue inspections facilitates better monitoring. Untimely inspection of elevating devices both increases the risk that deficiencies go undetected and the risk of incidents. Also, without complete information regarding overdue inspections, TSASK cannot demonstrate and the Ministry cannot fully monitor performance under the Agreement.

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[9] An accident is any incident that causes death or serious injury which involves equipment that TSASK regulates. TSASK defines serious injury as receiving medical attention (i.e., in a clinic or hospital).

**7. We recommend that the Technical Safety Authority of Saskatchewan and the responsible Ministry define the expected frequency for inspecting elevating devices to enable reporting of overdue inspections.**

## 5.0 GLOSSARY

**Acceptance inspections** – one-time inspections for installation of new or altered equipment, before it is licensed and put in use.

**In-service inspections** – periodic inspections that are required for licensed equipment that is in use or operation.

**Incident** – an event related to the operation of an elevating device that is abnormal to routine operation.

**Licensed Elevating Device Contractor** – an individual or company trained and experienced in the construction of elevators.

**Overdue inspections** – inspections related to licensed equipment whose periodic inspection interval has exceeded the inspection intervals as set out in legislation or by TSASK.

## 6.0 SELECTED REFERENCES

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# Audit Follow Ups

**Chapter** **Page**
15 Central Services—Planning Accommodations ........ 209
16 Economy—Co-ordinating English-Language Programs ........ 213
17 Economy—Monitoring IT Service Providers ........ 217
18 Economy—Regulating Pipelines ........ 221
19 Education—Capital Asset Planning for Schools ........ 227
20 Education—Increasing Grade 12 Graduation Rates ........ 233
21 Education—Putting into Operation the Education Sector-Wide Strategic Plan ........ 241
22 Environment—Regulating Reforestation ........ 243
23 Environment and Finance—Regulating Contaminated Sites ........ 247
24 Regina Qu'Appelle Regional Health Authority—Safe and Timely Discharge of Hospital Patients ........ 253
25 Regina Qu'Appelle Regional Health Authority—Use of Surgical Facilities ........ 261
26 Saskatchewan Government Insurance—Monitoring Certified Vehicle Inspection Stations ........ 263
27 Saskatchewan Opportunities Corporation—Maintaining Facilities ........ 267
28 Saskatchewan Water Corporation—Maintaining Infrastructure ........ 269
29 Saskatoon Regional Health Authority—Protecting IT Infrastructure ........ 271
30 SaskPower—Buying Goods and Services Valued Under $100,000 ........ 273
31 SaskPower—Gas and Electrical Installation Inspections ........ 275
32 Social Services—Placing Minister's Wards in Permanent Homes ........ 277
33 Social Services—Supervision of Community-Based Organizations ........ 281
34 University of Regina—Protecting Interests in Research ........ 285

# Chapter 15
# Central Services—Planning Accommodations

## 1.0 MAIN POINTS

The Ministry of Central Services is responsible for providing centralized support services to government ministries and agencies (clients),[1] including managing the Government's leased and owned office space and program space.[2] In 2015-16, the Ministry spent $182.6 million on property management. It recovered almost all of these costs from its clients.

This chapter reports the results of our second follow-up of the four recommendations related to planning for accommodations that we initially made to the Ministry of Central Services (formerly the Ministry of Government Services) in 2011.

By February 2017, the Ministry had implemented two recommendations. It identified the gap between its existing accommodation portfolio and future accommodation needs, and approved an overall accommodation plan in August 2016.

The Ministry has more work to do on the other two recommendations. Senior management did not yet receive regular status reports describing progress against the recently approved overall accommodation plan. In addition, the Ministry needs to confirm that client ministries have either met the Cabinet-directed space standard or have obtained Treasury Board approval to exceed the space standard. Without obtaining this information, the Ministry does not know if it is complying with the directive from Cabinet and if office space is being effectively managed.

## 2.0 INTRODUCTION

As part of providing centralized support services, the Ministry is involved in accommodation planning, which includes providing clients with appropriate space to enable them to deliver programs and services. Accommodation planning includes planning for the acquisition, alteration, repair, maintenance, management, operation, and disposal of real property.

Our *2011 Report – Volume 1*, Chapter 5 included six recommendations to improve the Ministry's processes to plan accommodations for clients. Our *2014 Report – Volume 1*, Chapter 18 reported that, by January 2014, the Ministry had implemented two recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the 2011 audit. The Ministry's management agreed with these criteria. To do this follow-up, we discussed the relevant actions taken by the Ministry to implement our recommendations, and reviewed documentation (e.g., accommodation plan).

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[1] At December 2016, this included 15 government ministries and approximately 40 other agencies such as the Conexus Arts Centre, Government House Foundation, and the MacKenzie Art Gallery.
[2] Ministry of Central Services, *2015-16 Annual Report*, p. 4.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 28, 2017, and the Ministry's action up to that date. We found that the Ministry implemented two recommendations, and made progress on the other two.

### 3.1 Overall Accommodation Plan Developed

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) identify the gap between its existing accommodation portfolio and future accommodation needs. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

**Status** – Implemented

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) develop an overall accommodation plan. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

**Status** – Implemented

The Ministry worked with clients to identify gaps between its existing accommodation portfolio and future client accommodation needs. It summarized this information into an overall accommodation plan.

In August 2016, the Ministry completed and approved the 2015-16 overall accommodation plan. Management indicated it plans to review and update the plan on an annual basis.

### 3.2 Key Staffing Information Not Confirmed

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) verify staffing information provided by its clients for the Ministry's buildings. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

**Status** – Partially Implemented

In 2010-11, Cabinet directed the Ministry to implement a firm space standard of 18.6 square metres of office space per full-time equivalent employee (FTE). This standard does not apply to program space (e.g., correctional facilities, space required to house and maintain snow-clearing equipment). Cabinet requires clients, who require more than the standard office space, to obtain Treasury Board's approval prior to the Ministry entering into a new Accommodation Space and Services Agreement.

Before 2015, the Ministry required its clients to provide annual updates on the number of FTEs, and asked a financial services representative from each client to sign off on the annual update form. The Ministry had used this information to compare actual space use to the standard for office space.

Since 2015, the Ministry no longer requests clients to give the number of FTEs. Management indicated that it found the FTE information received was not useful because the information included employees who may not require office space (e.g., corrections workers or Conservation Officers). The Ministry continues to request FTE information when a client requests a change in accommodation space; but it does not check the accuracy or reasonableness of that information.

Our review of the Ministry's 2015-16 overall accommodation plan found:

- Thirteen of the 15 ministries had more office space than the standard of 18.6 square metres per FTE; 5 of the 13 ministries had at least 50% more than the standard (e.g., 28.3 to 33.6 square metres per FTE)

- Two of the 15 ministries did not give the Ministry information to enable comparisons of actual space utilization against the standard

Management indicated that it is developing a communication strategy to continually remind its clients of the office space standard. Additionally, as current leases expire, management stated the Ministry plans to work with clients to reduce space utilization.

Also, management indicated that it plans to revise the standard Accommodation Space and Services Agreement to require client ministries to confirm that they either meet the office space standard or have obtained Treasury Board approval to exceed the standard. Without obtaining this information, the Ministry does not know if it is complying with the directive from Cabinet and if office space is being effectively managed.

## 3.3 Monitoring of Implementation of Plan Expected

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) monitor and report on implementation of an overall accommodation plan. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

**Status** – Partially Implemented

By February 2017, the Ministry had only recently approved its overall accommodation plan (i.e., in August 2016). As such, it did not have an opportunity to monitor or report on its implementation. The Ministry indicated that it plans to regularly (e.g., semi-annually) monitor and report on the status of the overall accommodation plan to senior management.

# Chapter 16
# Economy—Co-ordinating English-Language Programs

## 1.0 MAIN POINTS

The Ministry of the Economy has improved the co-ordination of its English-language programs. At February 2017, the Ministry had implemented two of its five recommendations. It has set and is using targets to enable it to evaluate the success of its English-language programs.

The Ministry needs to:

- Update its method to assess demand for provincially funded English-language programs
- Sign agreements with regional colleges for the delivery of English-language programs and assess whether regional colleges meet its expectations

The overall goal of English-language programs is to help new immigrants integrate into Saskatchewan life and secure employment. Both federally and provincially funded English-language programs for immigrants exist in Saskatchewan to give immigrants over the age of 18 the opportunity to gain or improve their English-language skills. These programs are provided at no charge to immigrants.

## 2.0 INTRODUCTION

This chapter describes our follow up of management's actions on the recommendations we made in 2015.

In 2015, we assessed the Ministry's processes to co-ordinate English-language programs. Our *2015 Report – Volume 1*, Chapter 8 concluded that the Ministry of the Economy had, other than for the matters identified, effective processes for co-ordinating English-language programs that assist in employment and settlement of recent immigrants over the age of 18 in Saskatchewan. We made five recommendations.

In 2015-16, the Ministry provided about $2.66 million for English-language programming, this included $1.66 million to various non-government agencies and $672 thousand[1] to regional colleges. The 2016-17 budget was $3.48 million; this included $2.81 million to various non-government agencies and $672 thousand[2] to regional colleges.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria.

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[1] Order in Council 298/2015 – funding to regional colleges for English as a second language.

[2] Order in Council 231/2016 and 323/2016 – funding to regional colleges for English as a second language.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at January 26, 2017, and the Ministry's actions up to that date. We found that the Ministry has implemented two recommendations but requires more work to implement the remaining three recommendations.

### 3.1 Progress Noted in Forecasting Needs for English-Language Programs

> We recommended that the Ministry of the Economy develop a formal methodology, including regional analysis, for assessing the demand for English-language program needs. (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)
>
> **Status** – Partially Implemented

The Ministry is developing a documented needs methodology to help identify when a community should receive classroom-based English-language instruction. It currently uses various data such as immigration data and regional analysis. It is starting to include other variables in its methodology such as number of students. It expects to complete the update of its methodology in spring 2017.

In addition, the Ministry is piloting online English-language training for individuals whose language ability is above a certain level.

Periodic reviews of existing methodologies help identify opportunities to make refinements. Having current documented methodologies facilitate consistently analyzing needs each year, and meeting regional English-language program needs.

> We recommended that the Ministry of the Economy obtain information on federally-funded English-language programs to facilitate decisions on the nature and location of provincially-funded English-language programs. (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)
>
> **Status** – Implemented

In addition to using the updated needs methodology, Ministry employees have bi-weekly discussions with Immigration, Refugees and Citizenship Canada (IRCC) on English-language programming and various other programs. These informal meetings may also include officials from regional colleges.

The Ministry recognizes not everyone who needs language training is eligible for the federal language training programs. At February 2017, the Ministry had made decisions for 2017-18 funding in conjunction with IRCC.

IRCC spends approximately three times as much on language training in Saskatchewan as compared to the Ministry. The Ministry needs information such as utilization of existing programs and planned changes to federally-funded programs to make decisions about the nature, extent, and location of provincially-funded English-language programs. Having current information helps ensure the Ministry does not duplicate federal programming and focuses its programming in un- or under-serviced areas.

## 3.2 Measureable Targets Selected

We recommended that the Ministry of the Economy select specific and measurable targets related to performance indicators for its English-language programs to monitor the effectiveness of delivery of the programs. (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

**Status** – Implemented

The Ministry has set targets to enable it to evaluate the success of its English-language programs. Its targets included percentage of students with learning goals, student attendance, and number of available spaces in classes. The Ministry receives information from the service providers quarterly and then assesses this against the targets. The Ministry plans to initiate discussions with service providers when results are below expectations.

Setting targets helps the Ministry decide how much it plans to achieve by when. This in turn helps the Ministry determine the necessary resources to deliver its English-language training programs.

## 3.3 Agreements with Regional Colleges Needed to Enable Monitoring of Program Delivery

We recommended that the Ministry of the Economy sign agreements for the delivery of English-language programs with regional colleges that deliver these programs. (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

**Status** – Partially Implemented

In 2015-16, the Ministry started using funding letters for the regional colleges' delivery of the English-language programs. The funding letters include performance targets that it expects the regional colleges to achieve. However, the Ministry does not require the colleges to indicate that they understand or agree with those performance targets.

Lack of a written agreement increases the risk that regional colleges may not deliver English-language programs as expected by the Ministry.

**We recommended that the Ministry of the Economy formally assess whether regional colleges that deliver English-language programs meet its expectations as set out in its Regional Colleges' policy manual.** (2015 Report – Volume 1; Public Accounts Committee agreement September 15, 2016)

**Status** – Partially Implemented

As of January 2017, the Ministry was reviewing its English-language programs. It expected this review to include assessing whether regional colleges meet expectations. The Ministry expected to complete this review by April 2017.

Not actively monitoring and assessing whether the regional colleges' English-language programs meet its expectations means the Ministry does not know if its annual program funding of about $670 thousand achieves its expected results.

# Chapter 17
# Economy—Monitoring IT Service Providers

## 1.0 MAIN POINTS

The Ministry of the Economy relies on various IT systems to deliver its programs and services. Economy uses IT service providers to host, develop, and support these systems.

By early March 2017, Economy had implemented the three recommendations made in our 2014 audit of its processes to monitor its IT service providers. Economy updated its agreements with each of its IT service providers. These agreements include appropriate provisions for security requirements and security reporting. In addition, Economy established written policies and procedures to guide staff on reporting problems with IT service providers and taking corrective actions.

## 2.0 INTRODUCTION

Economy's IT systems contain sensitive personal and corporate (e.g., oil and gas companies) information. It uses these systems to levy, collect, and record Saskatchewan's non-renewable resource revenues and related transactions for the Government and other participants in the resource sector.

Economy has the following three main IT service providers:

- The Ministry of Central Services (Central Services) for its Integrated Resource Information System (IRIS) and other systems;[1] Central Services provides the majority of Economy's IT services[2]
- Alberta's Ministry of Energy for the joint use of an oil and gas system called Petrinex[3]
- The Information Services Corporation (ISC) for hosting and managing the Mineral Administration Registry Saskatchewan (MARS) system[4]

Our *2014 Report – Volume 2*, Chapter 32 reported the results of our audit of the Ministry's processes to monitor whether its IT service providers appropriately manage and secure its IT systems and data, we made three recommendations. This chapter reports the results of our follow up of the status of implementation of those recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Economy's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Economy agreed with the criteria in the original audit.

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[1] IRIS is an IT business system that supports the regulation of Saskatchewan's energy and resource industry. www.saskatchewan.ca/iris (14 March 2017).

[2] The Ministry of Central Services provides all ministries within the Government of Saskatchewan with the majority of their hardware and software, application development, and IT security services.

[3] Petrinex is the IT system Alberta and Saskatchewan use for collecting, managing, and distributing key oil and gas information for the petroleum and natural gas industry. Economy uses this information to assess and levy Crown royalties and support its regulatory mandate. www.petrinex.ca/54.asp (13 March 2017).

[4] MARS is an electronic registry for issuing mineral rights in Saskatchewan. MARS enables the mining industry to acquire and manage their mineral rights online. www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/mineral-exploration-and-mining/mineral-tenure/mineral-administration-registry-saskatchewan-mars (14 March 2017).

To carry out this engagement, we reviewed related documentation (e.g., updated agreements with service providers, new and/or revised policies and procedures) and discussed key actions with relevant officials.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 1, 2017, and Economy's actions up to that date. We found Economy had implemented all three recommendations.

### 3.1 IT Agreements Updated and Sufficiently Robust

We recommended that the Ministry of the Economy maintain agreements with its IT service providers that reflect the current structure, responsibilities, and programs of the Ministry. (2014 Report – Volume 2; Public Accounts Committee agreement June 18, 2015)

**Status** – Implemented

We recommended that the Ministry of the Economy include adequate provisions for security requirements and security reporting in agreements with IT service providers. (2014 Report – Volume 2; Public Accounts Committee agreement June 18, 2015)

**Status** – Implemented

Economy has signed updated agreements with each of its key IT service providers.

In October 2015, Economy signed an updated agreement with Central Services. In December 2015, Central Services, on Economy's behalf, signed a new agreement with ISC to host and manage the MARS system. In March 2016, Economy also signed an updated agreement with Alberta's Minister of Energy.

Each agreement sets out the responsibilities of each party for expected IT services. In addition, each agreement reflects Economy's current structure, and includes appropriate security requirements and security reporting requirements. For example, Economy's agreement with Alberta requires Alberta to implement security processes consistent with a generally accepted set of security processes.[5]

Economy required its service providers for the MARS system and the Alberta oil and gas system to provide ongoing assurance reporting that security processes are effectively protecting the systems and data. For example, each year, Alberta is to give Economy an audit report on the effectiveness of its security processes securing the oil and gas system.

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[5] CPA Canada, *Trust Services Principles, Criteria, and Illustrations*, (2009).

For its agreement with Central Services, Economy did not require Central Services to provide ongoing assurance reporting. Instead, Central Services reports, in writing, each month on services provided and, each year on security.[6] Economy reviews these reports and meets regularly with Central Services to monitor Central Services' security processes.

## 3.2 Written Policies and Procedures for Taking Timely Corrective Action Exist

We recommended that the Ministry of the Economy establish written policies and procedures regarding taking corrective actions on and reporting problems with IT service providers and IT contractors. (2014 Report – Volume 2; Public Accounts Committee agreement June 18, 2015)

**Status** – Implemented

Economy developed a policy titled *Reporting and Correcting Problems with IT Service Providers*. This policy became effective April 1, 2015. The policy outlines procedures for reporting problems with IT service providers and contractors to management, and steps for taking corrective action.

We found staff used this policy when an issue occurred at an IT service provider. They followed the steps in the policy.

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[6] Central Services' annual security report provided an overview of its processes for network, data centre, and user security as well as IT risks specific to Economy.

# Chapter 18
# Economy—Regulating Pipelines

## 1.0 MAIN POINTS

This chapter reports the status of five recommendations we first made in our 2012 audit on the Ministry of the Economy's processes to ensure compliance with *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000.*

By March 2017, the Ministry had implemented two of the five recommendations we first made in our 2012 audit. The Ministry has proposed changes to legislation that include the mandatory licensing of flowlines and verifying that pipeline operators appropriately clean up contamination of sites for which they are responsible. The Ministry continues to need to:

- Establish policies and procedures to guide staff on evaluating ongoing pipeline operations
- Develop a risk-based assessment approach to verify pressure tests and to monitor pipeline construction and the integrity and safety of existing pipelines

Pipeline failures caused by poor design or inadequate maintenance can seriously impact people, the environment, and the economy. A pipeline leak can contaminate both land and water. Failure to regulate pipelines effectively could harm people and/or the environment.

## 2.0 INTRODUCTION

Saskatchewan people rely on the Ministry to regulate the safety of oil and gas pipelines. They expect the Ministry to have an effective regulatory regime and to verify that companies comply with applicable laws. Effective regulatory processes and standards minimize the risk of disasters occurring.

Our *2012 Report – Volume 1*, Chapter 5 concluded that the Ministry of the Economy (formerly the Ministry of Energy and Resources) did not have effective processes to ensure full compliance with *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000*. We made seven recommendations. By September 30, 2014, as reported in our *2014 Report – Volume 2*, Chapter 43, the Ministry had implemented two of the recommendations.

This chapter reports the results of our second follow-up of the five outstanding recommendations.

To conduct this audit engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Management agreed with the criteria.

We interviewed Ministry management and employees responsible for regulating pipelines; reviewed proposed legislation, revised policies and procedures; and examined information the Ministry now receives from pipeline operators and tested a sample of the submissions.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 31, 2017, and the Ministry's actions up to that date.

We found that the Ministry had implemented two recommendations, made progress on two recommendations, and had not made progress on one recommendation.

### 3.1 Written Policies and Procedures Needed

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) develop written policies and procedures to guide staff when assessing pipeline design, monitoring pipeline construction, and evaluating pipeline operations. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

**Status** – Partially Implemented (Implemented with respect to pipeline design and construction, but not implemented with respect to pipeline operations)

The Ministry is required to enforce *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000*. This legislation sets the minimum requirements for the design, construction, testing, operation, maintenance, and repair of pipelines to be the Canadian Standards Association Standards – Z662 Standard (Z662 Standard). The Z662 Standard is complex and contains detailed, technical requirements.

As of September 2014, the Ministry had developed and implemented a set of written policies and procedures to aid staff when reviewing construction applications and 'leave to open' applications (i.e., approval to use a pipeline). We found these policies and procedures incorporated the significant application requirements that the National Energy Board[1] prescribes as well as the requirements from *The Pipelines Act, 1998* and *The Pipeline Regulations, 2000*.

By the end of March 2017, the Ministry did not have written policies and procedures to evaluate existing pipeline operations (see **Section 3.2** for further discussion of pipeline operations).

Without adequate written policies and procedures on all aspects of the Z662 Standard, staff lack the guidance necessary to carry out their work.

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[1] The National Energy Board is Canada's energy and safety regulator. It oversees safety for the full lifecycle of energy facilities—from design and application assessment to construction, operation, and abandonment. www.neb-one.gc.ca/bts/pblctn/nnlrprt/2015/nnlrprt2015-eng.pdf (30 March 2017).

## 3.2 Timely Monitoring of Compliance Needed

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) monitor pipeline operator compliance with integrity management and safety processes for existing pipelines. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

**Status** – Not Implemented

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) implement a risk-based assessment approach to monitor pipeline construction and verify pressure tests. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

**Status** – Partially Implemented

As of March 31, 2017, the Ministry indicated it received about half of the compliance declaration forms for the approximately 2,200 licensed pipelines in the province. It planned to use information from these forms to help it monitor pipelines. However, by March 2017, its focus was on updating its licensing records and issuing amendments to pipeline licences as opposed to using the information to monitor the pipelines. It had not started to assess the completed forms to assist it in its monitoring processes.

The Ministry had developed the compliance declaration form in 2014. The compliance declaration form requires operators to indicate, for each licensed pipeline, whether they comply with the Z662 Standard, Ministry requirements and/or industry best practices related to pipeline specifications, operations, discontinuance or abandonment. It initially required all pipeline operators to complete these forms for their ongoing pipeline operations by the end of 2014. The Ministry granted extensions to this deadline on request.

Most of the approximately 80 pipeline operators have submitted the completed forms. Two significant operators had not submitted all of their forms as of March 2017. These are the two largest pipeline operators, who account for about one-half of the pipelines in the province. The Ministry expects operators to submit all forms.

When pipeline operators completed their forms, many found that their Ministry-issued pipeline operating licences did not reflect their current infrastructure. For example, some operators had more than 100 metres of pipeline than indicated in their licence.

The Ministry allows operators to add up to 100 metres of pipe without amending their licence. However, some operators had added less than 100 metres of pipe several times. This resulted in many compliance declaration forms having *unsatisfactory* responses to certain questions.

As a result, many operators submitted amendments to update their licences along with the completed compliance declaration forms. The Ministry indicated that the two largest pipeline operators have advised they expect to submit a significant number of amendments to their licences.

The Ministry received 385 amendments since January 2015. By March 2017, it had processed just over 50% of them. The Ministry indicated, given resources it has assigned to process these amendments, it plans to complete processing amendments by the end of calendar year 2017. It is processing these amendments to make its records of pipelines complete and accurate.

As of March 2017, it had not developed policies and procedures for staff to evaluate the information on the completed compliance declaration forms.

In addition, at March 2017, the Ministry had not set a risk-based assessment approach to monitor pipeline construction and verify pressure tests.

Rather, the Ministry informally prioritized its selection of which pressure tests to observe related to 'leave to open' applications and pipeline construction. The Ministry indicated it considers risks such as proximity to urban centres or water crossings and purpose of the pipeline (e.g., pipes designed to carry hydrogen sulfide were assessed as a higher risk than those designed to carry crude oil). It did not document its assessed risk or use a formal risk matrix to rank new pipeline construction.

In 2016, Ministry staff attended 32 of the 37 'leave to open' pressure tests to determine the sufficiency of the testing process and accuracy of results. It assigned responsibility to observe pressure tests to either pipeline engineers or technicians depending on its informal risk assessment of the pipeline.

Not having a specific risk-based assessment approach increases the risk of the Ministry not focusing its monitoring resources on pipelines and operators presenting the highest risk to public health and safety.

## 3.3 Responsibility for Licensing of Flowlines and Verification of Cleanup Sought

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) consider seeking responsibility in law to license flowlines. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

**Status** – Implemented

We recommended that the Ministry of the Economy (formerly the Ministry of Energy and Resources) consider seeking responsibility in law to verify that pipeline operators clean up contaminated sites to an acceptable condition. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

**Status** – Implemented

Since September 2014 (the time of our last follow-up), the Ministry has proposed changes to *The Pipelines Act, 1998* (i.e., Bill 43, *An Act to amend The Pipelines Act, 1998*, introduced on November 28, 2016). The proposed changes would:

- Require all flowlines to be licensed
- Place more responsibility on pipelines operators when abandoning pipelines—it would make them liable for cleaning up abandoned pipelines
- Allow the Ministry to set directives

The Ministry showed us that it had developed a directive for pipelines and flowlines for overseeing the clean up of contaminated sites caused by an incident. It expects to put this directive in place if and when the Bill is enacted into law.

As of March 2017, Bill 43 was in progress (i.e., 2nd reading) and the Ministry was awaiting the Assembly's final decision on the proposed changes. In addition, the Ministry considered and has plans to manage the impact on its staffing if this Bill is enacted into law.

# Chapter 19
# Education—Capital Asset Planning for Schools

## 1.0 MAIN POINTS

The Ministry of Education is responsible for aligning capital project funding with the educational needs of communities and the provincial Pre-Kindergarten (Pre-K) to Grade 12 system as a whole. As such, effective capital asset planning processes are essential to reduce the risk of funding lower priority capital projects.

Since our 2013 audit of its processes for capital planning for Pre-K to Grade 12 educational facilities, the Ministry has continued to improve those processes.

By December 2016, the Ministry had implemented three of the five remaining recommendations we first made in our *2013 Report – Volume 1*, Chapter 8, and partially implemented the other two.

It implemented a new process for reviewing, updating, and communicating its capital asset policies, and was assessing both capital and non-capital alternatives to capital projects. In addition, it no longer required school divisions to finance capital projects. Also, by December 2016, the Ministry had begun its work to develop a province-wide capital asset strategy for the Pre-K to Grade 12 system. It has plans to monitor the success of this strategy once developed.

## 2.0 INTRODUCTION

*The Education Act, 1995* requires the Ministry to approve the construction of new buildings, additions to existing buildings, or major renovations of buildings. The Ministry prioritizes all major capital requests (i.e., those exceeding $1 million) submitted by school divisions. The number of major capital projects approved to proceed is dependent on budget appropriation by Cabinet.

In our *2013 Report – Volume 1*, Chapter 8, we concluded that the Ministry did not have effective capital asset planning processes for facilities to house and support educational programs and instructional services for students in school divisions. We made eight recommendations; by February 2015, the Ministry had implemented three of them.

This chapter reports the results of our second follow-up on the implementation of the five remaining recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Management agreed with the criteria in our original audit.

We reviewed the Ministry's policies and procedures manuals, and examined information the Ministry used to analyze capital projects recommended by school divisions. We also interviewed Ministry officials as necessary.

# 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at December 31, 2016, and the Ministry's actions up to that date.

## 3.1 Measurable Capital Asset Strategy Needed

We recommended that the Ministry of Education develop and use a capital asset strategy that co-ordinates overall capital needs for schools in the provincial Pre-Kindergarten to Grade 12 system. (2013 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Partially Implemented

The Ministry took steps to enable its development of a system-wide capital asset strategy in conjunction with SaskBuilds' infrastructure planning process.

Since 2013 (the initial audit), SaskBuilds has become the Government's lead agency for its long-term infrastructure planning including significant public-private partnership projects (like joint-use schools).[1]

Each year, the Ministry provides SaskBuilds with a 10-year capital plan. SaskBuilds assesses the projects on the 10-year plan, uses the results to help the Government develop the annual budget, and provides input into the Government's long-term infrastructure plan. The Ministry developed a new application form in 2014-15 to collect information from the school divisions to meet SaskBuilds submission requirements. In 2016-17, further revisions were made to the application form based on an evaluation of the previous year's submitted data.

By December 31, 2016, the Ministry had designed a capital manual that outlines its strategy to co-ordinate overall capital needs for schools. The manual includes guidance on how to make decisions on a consistent basis, which schools to build and/or renovate and how to support these decisions. The manual's table of contents lists its planned sections (e.g., School Division Long-term Capital Plan), and target dates to complete each section. Most sections are in the process of being written and some are delayed. The Ministry expects to complete the capital manual by April 2018, and use the manual to develop its capital asset strategy.

Not having a consistent capital asset strategy, particularly in an environment of limited resources, increases the risk that the Ministry may approve and provide funding for a capital project when other projects may be a higher priority.

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[1] *SaskBuilds 2015-16 Annual Report*, p. 4.

We recommended that the Ministry of Education develop and implement measures and targets to monitor the success of its capital asset strategy across the provincial Pre-Kindergarten to Grade 12 System. (2013 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Partially Implemented

Completing the Ministry's capital asset strategy and manual will help the Ministry use measures and targets. The manual's table of contents includes subsections that are to include processes on how it will measure success for all aspects of the strategy.

The Ministry drafted a research paper on evaluating the success of its programs (performance evaluation). It plans to incorporate program evaluation (e.g., customer surveys, Facility Condition Index) into the strategy. The Ministry has evaluated its relocatable classroom program, and the Preventative Maintenance and Renewal (PMR) program. It is using the results of these evaluations to improve these programs (e.g., simplifying the PMR program by removing redundant and under-utilized steps in the workflow).

In addition, the Ministry continues to contract a third party to carry out facility audits. These facility audits determine, through observation, the conditions of facilities in each school division, and assign a Facility Condition Index score to each facility. The Ministry could incorporate this score into its targets and measures when it finalizes its capital asset strategy.

Without measures and targets to evaluate the success of its capital asset strategy, the Ministry cannot appropriately measure whether capital funding is effectively used across the provincial Pre-K to Grade 12 system.

## 3.2 Review of Capital Asset Policies Timely

We recommended that the Ministry of Education formally review, update and communicate its capital asset policies (including Funding Guidelines) for the provincial Pre-Kindergarten to Grade 12 system on a timely basis. (2013 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

The Ministry reviewed, updated, and communicated appropriately many of its capital asset policies in the past two years. Ministry management advised provincially-funded Pre-K to Grade 12 school divisions that its policies apply to them.

Since our 2013 audit, it has prioritized policy development. The Infrastructure Advisory Committee (IAC) discusses capital policy and reviews policies. IAC is comprised of representatives of the Saskatchewan School Boards Association, Saskatchewan Association of School Business Officials, League of Educational Administrators, Saskatchewan Teachers' Federation, Federations of Sovereign Indigenous Nations, Métis Nations – Saskatchewan, and the Ministry.

The Ministry plans to continue to review, update and communicate the remaining policies to keep them current and relatable.

The Ministry uploads new or updated policies onto its website. It communicated this in its bulletin to school divisions. The Ministry sends bi-weekly bulletins to the Chief Financial Officer of every school division, and to the Facilities Functional Group.[2]

Even though the Ministry has not yet updated some policies, it has a well-defined process to do so and to communicate them to affected parties.

## 3.3 Capital and Non-Capital Alternatives Assessed

We recommended that the Ministry of Education assess both capital and non-capital alternatives to address identified capital asset needs across the provincial Pre-Kindergarten to Grade 12 System. (2013 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

The Ministry, in conjunction with SaskBuilds, assesses alternatives to address capital asset needs. It encourages non-capital alternatives if they are feasible and appropriate.

The Ministry requires school divisions to use a standard application form when applying for capital project funding and approval. The application form specifically requires school divisions to identify capital and non-capital alternatives to address the deficiency or need identified. In addition, the form requires school divisions to attach supporting documentation for analysis of the options, including an analysis of capital and non-capital alternatives.

These application forms collect information that SaskBuilds requires to analyze capital projects across the government sector. It collects other information to help the Ministry assess all alternatives. This information includes factors such as health and safety of facilities, facility conditions, utilization methodology, and risk analysis.

When the Ministry assesses capital projects, it does additional work to identify alternatives that divisions may not have considered. These include restructuring of grouping of grades, busing students to adjacent schools, or using non-school buildings.

To rank projects by importance, the Ministry uses its prioritization methodology.[3] The Ministry considers costs and savings, both short term and long term. It uses projections and forecasts of enrolment and other factors (e.g., utilization of existing school division facilities) to determine which options are most appropriate in the long term.

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[2] The Facilities Functional Group is a group of representatives from all school divisions in the province.

[3] An approach to analyze and rank capital projects based on various factors the Ministry considers important.

## 3.4 Capital Projects Financed by Ministry

We recommended that the Ministry of Education select the method of financing for capital projects of school divisions based on analysis of capital financing alternatives. (2013 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

As of March 2015, the Ministry started funding all capital projects for school divisions unless it directs a school division to use some of its savings. As a result, school divisions no longer incur debt to finance capital projects. The Ministry has incorporated this funding methodology into the standard Capital Funding Agreements it enters into with school divisions. The Ministry noted that it expects to incorporate this strategy into the Education Major Capital Funding section of the capital manual it is developing.

# Chapter 20
# Education—Increasing Grade 12 Graduation Rates

## 1.0 MAIN POINTS

The Ministry of Education is responsible for providing leadership and direction to the Pre-Kindergarten through Grade 12 (PreK-12) education sector. This includes providing leadership and co-ordination for the preparation of goals, objectives, and educational planning for the present and future growth and development of the educational system.

By February 28, 2017, the Ministry made good progress on recommendations we made in 2012 regarding increasing Grade 12 graduation rates. It had implemented five of the ten recommendations, partially implemented four recommendations, and had not implemented one recommendation. The Ministry, collaboratively with school divisions, continues to work on implementing the Education Sector Strategic Plan, including the identification of strategies to improve graduation rates. While the Ministry had not assessed the effectiveness of school division strategies to improve graduation rates, it is actively working on completing its assessment of school division action plans.

## 2.0 INTRODUCTION

As reflected by its two goals related to Grade 12 graduation, the education of young people is a priority for the Government:

- To lead the country in Grade 12 graduation rates by 2020[1]
- To reduce the difference in graduation rates between Aboriginal and non-Aboriginal students by 50% by 2020[2]

Our *2012 Report – Volume 1,* Chapter 2 concluded that the Ministry did not have effective processes to increase Grade 12 graduation rates above the 2004-05 baselines and included ten recommendations. By January 31, 2014,[3] as reported in our *2014 Report – Volume* 1, Chapter 19, the Ministry had partially implemented three of those ten recommendations. This chapter describes our second follow up of management's actions on these recommendations.

For the purposes of this follow-up, school divisions include public schools, separate schools (i.e., Catholic), and the conseil scolaire (French language schools).[4]

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance.* To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

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[1] Government of Saskatchewan, *Saskatchewan Plan for Growth, Vision 2020 and Beyond* (2012), p. 5.
[2] Ibid., p. 4.
[3] This was the date of our last follow-up.
[4] *The Education Act, 1995* defines school divisions as public and separate school boards only.

We examined processes surrounding the Education Sector Strategic Plan, including establishment of measures and targets. We reviewed action plans and reports supporting improved graduation rates. We also interviewed Ministry officials as necessary.

## 2.1 Status of Graduation Rates

Graduating from Grade 12 is an important personal goal with broad societal implications. On a personal level, students who do not complete Grade 12 have fewer work opportunities, less income, and ultimately poorer health. Over the long term, Grade 12 graduation rates affect the size of the skilled workforce and the provincial economy.

**Figure 1** illustrates the three-year, five-year, and eventual graduation rates of Saskatchewan students completing Grade 12 from June 2011 to June 2016. It shows the difference in graduation rates for students who have identified themselves as First Nation, Métis, and Inuit students (FNMI) as compared to all students.

In the 2004-05 school year (the baseline school year), the overall graduation rate for students graduated within three years was 75.6% (FNMI: 31.5%) and the overall graduation rate for students graduated within five years was 81.4% (FNMI: 47.1%).[5] As **Figure 1** shows, the overall three-year graduation rate remained flat since 2004-05, whereas the FNMI graduation rate increased by almost 33%.

**Figure 1—Trends for Persistence to Complete Grade 12[A]**

| Completing Grade 12 | Three-year (within three years) | | | Five-year (within five years) | | | Eight-year (within eight years) | | |
|---|---|---|---|---|---|---|---|---|---|
| | All | Non-FNMI | FNMI[B] | All | Non-FNMI | FNMI[B] | All | Non-FNMI | FNMI[B] |
| June 2011 | 72.7 | 81.8 | 32.9 | 81.3 | 87.9 | 48.5 | 82.9 | 87.7 | 54.4 |
| June 2012 | 73.7 | 82.9 | 35.9 | 81.2 | 88.0 | 49.7 | 83.5 | 87.9 | 55.5 |
| June 2013 | 74.8 | 83.9 | 37.4 | 80.1 | 87.0 | 50.0 | 82.4 | 87.4 | 54.9 |
| June 2014 | 74.7 | 83.4 | 40.3 | 81.4 | 88.1 | 54.2 | 83.5 | 89.1 | 56.1 |
| June 2015 | 75.2 | 84.3 | 40.1 | 82.5 | 89.2 | 55.9 | 83.7 | 89.4 | 57.7 |
| June 2016 | 75.6 | 84.5 | 41.8 | 83.3 | 89.5 | 59.6 | 83.2 | 88.7 | 59.7 |

Source: *Ministry of Education 2015-16 Annual Report*, p. 14, and information provided by the Ministry of Education.
FMNI – First Nations, Métis, and Inuit students.
* This is the most current data available at February 28, 2017.
[A] Three-year graduation rates are calculated as the percentage of students who complete Grade 12 within three years of starting Grade 10. Five-year graduation rates are calculated as the percentage of students who complete Grade 12 within five years of starting Grade 10 (and include those who graduate within three years). Eight-year graduation rates are calculated as the percentage of students who complete Grade 12 at any time after starting Grade 10 (and include those who graduated within three to five years). Eight-year graduation rates shown in the table are for the cohorts of students who have had at least eight years to graduate from the start of Grade 10.
[B] FNMI students are those who choose to self-identify as First Nation (Registered/Treaty/Status Indian, Non-Status Indian), Métis, or Inuit/Inuk, and may include FNMI students who choose not to self-identify.

## 2.2 Sector Approach to Improving Graduation Rates

In 2013, the Ministry of Education and school divisions formed the Provincial Leadership Team to lead and co-ordinate the development and implementation of the Education

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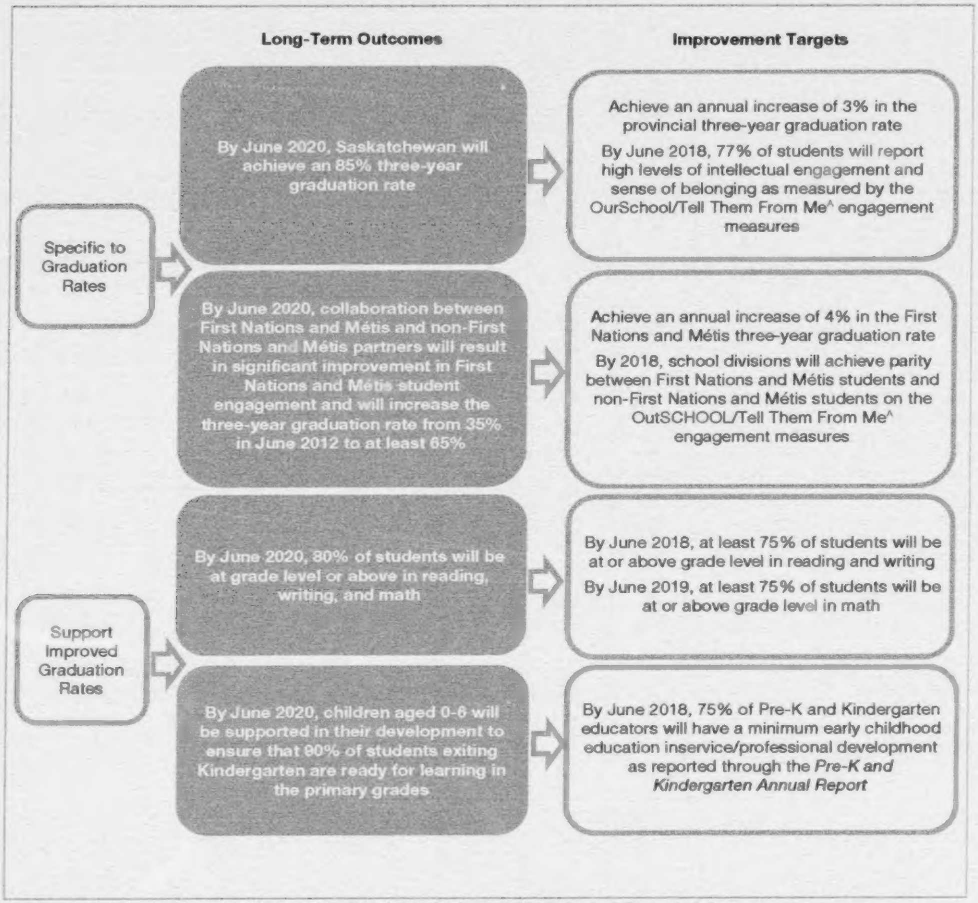
[5] Provincial Auditor of Saskatchewan, *2014 Report – Volume 1*, Chapter 19, *Education – Grade 12 Graduation Rates*, (2014), p. 164.

Sector Strategic Plan (ESSP).[6] The ESSP includes five long-term outcomes. **Figure 2** illustrates those ESSP outcomes specific to graduation rates, as well as those supporting improvements in graduation rates.

**Figure 2—Education Sector Strategic Plan Long-Term Outcomes and Improvement Targets**



Long-Term Outcomes
Improvement Targets
Specific to Graduation Rates
Support Improved Graduation Rates

By June 2020, Saskatchewan will achieve an 85% three-year graduation rate

Achieve an annual increase of 3% in the provincial three-year graduation rate

By June 2018, 77% of students will report high levels of intellectual engagement and sense of belonging as measured by the OurSchool/Tell Them From Me^ engagement measures

By June 2020, collaboration between First Nations and Métis and non-First Nations and Métis partners will result in significant improvement in First Nations and Métis student engagement and will increase the three-year graduation rate from 35% in June 2012 to at least 65%

Achieve an annual increase of 4% in the First Nations and Métis three-year graduation rate

By 2018, school divisions will achieve parity between First Nations and Métis students and non-First Nations and Métis students on the OutSCHOOL/Tell Them From Me^ engagement measures

By June 2020, 80% of students will be at grade level or above in reading, writing, and math

By June 2018, at least 75% of students will be at or above grade level in reading and writing

By June 2019, at least 75% of students will be at or above grade level in math

By June 2020, children aged 0-6 will be supported in their development to ensure that 90% of students exiting Kindergarten are ready for learning in the primary grades

By June 2018, 75% of Pre-K and Kindergarten educators will have a minimum early childhood education inservice/professional development as reported through the *Pre-K and Kindergarten Annual Report*

Source: Adapted from *Ministry of Education Plan for 2016-17* and ESSP Cycle 2 Extended documents.
^The Ministry and school divisions obtain the OurSCHOOL/Tell Them From Me engagement measures from a survey designed to collect information on students' sense of belonging, intellectual engagement, and positive relationships (i.e., measures of student engagement).

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 28, 2017, and the Ministry's actions up to that date. We found that the Ministry implemented five recommendations, was in the process of implementing four recommendations, and did not make any progress on one recommendation.

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[6] The ESSP is a multi-year strategic plan focused on specific outcomes and achieving goals set in the Saskatchewan Plan for Growth, Vision 2020 and Beyond.

## 3.1 ESSP Establishes Targets and Sets Focus on Graduation Rates

We recommended that the Ministry of Education use its legislated authority to direct school divisions toward improved Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

We recommended that the Ministry of Education set short and long-term targets for increasing Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

We recommended that the Ministry of Education clearly state what should be measured and how it should be measured to assess student progress/achievements that significantly contribute to successful Grade 12 graduation. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

In 2014-15, the Ministry and school divisions agreed to participate in developing and executing the ESSP, including requiring school divisions to develop division-level action plans supporting the achievement of the ESSP outcomes.

The Provincial Leadership Team provided school divisions with templates for preparing their action plans. The templates require school divisions to identify root causes related to poor graduation rates, actions to address the root causes, and identification of risks to completing the actions.

As set out in **Figure 2**, the Provincial Leadership Team established:

- Measures contributing to successful graduation, including having students achieve grade level or above in reading, writing, and math, and improving Kindergarten students' readiness to learn before entering the primary grades
- Long-term outcomes and improvement (i.e., short-term) targets for the specific measures

We found that the Provincial Leadership Team also established other metrics that school divisions could use when measuring progress towards the ESSP's long-term outcomes. Examples of other measures include student attendance, the number of credits obtained by Grade 10 students, or the increase in the number of Grade 9 students with a graduation plan.

The ESSP long-term outcomes include different expectations for First Nations, Métis, and Inuit (FNMI) students and other students. As a result, the Provincial Leadership Team analyzed each school division's graduation rates and established target graduation rates for each division, based on the proportion of FNMI students in each division. This results in each school division having a different graduation rate target to contribute to the overall provincial long-term outcome (i.e., three-year graduation rate of 85%).

## 3.2 Sector Starting to Identify and Communicate Strategies

We recommended that the Ministry of Education identify practical, key strategies that have proven effective in Saskatchewan and other jurisdictions to strengthen student achievement and increase Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Partially Implemented

We recommended that the Ministry of Education direct school divisions to use key effective strategies (once identified by the Ministry) that have proven practical for overcoming the most significant risks of school divisions affecting student achievement and for increasing Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Partially Implemented

Since our 2014 follow-up, the Ministry and the Provincial Leadership Team established processes to identify and communicate key strategies to improve graduation rates.

In 2016-17, the Provincial Leadership Team created a *Focus on Improving Graduation Rates Priority Plan*. As part of this plan, the Provincial Leadership Team held a graduation rates symposium in September 2016. It used the symposium to provide the education sector with opportunities to discuss and share strategies to improve on-time graduation (i.e., within three years of students entering Grade 10).

Also, the Provincial Leadership Team created a Graduation Rates Leadership Team with a goal of identifying possible solutions to help increase the provincial graduation rate. This Team prepared a guide that set out challenges to on-time graduation, along with some best practices to address those challenges (based on academic research).

At February 2017, the Team continued to work towards identifying further strategies and established a website[7] to begin sharing information with the education sector.

In 2014-15, the Provincial Leadership Team developed a *Following Their Voices Priority Plan*. The focus of this plan is to implement the Following Their Voices initiative—an initiative that strives to increase the educational achievement and participation of First

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[7] www.saskgraduates.com (15 March 2017).

Nations and Métis students by focusing on enhancing relationships between students and teachers, and creating safe, well-managed learning environments for students. During 2016-17, the Provincial Leadership Team implemented the initiative at 12 schools located across the province.

## 3.3 Process to Review Action Plans Established but Not Complete

We recommended that the Ministry of Education review each school division's Continuous Improvement Plan and assess its planned use of key effective strategies before approving the school division's budget for the related school year. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Partially Implemented

We recommended that the Ministry of Education require school divisions to report critical risks limiting student achievement and that the Ministry analyze provincial progress in reducing critical risks. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015).

**Status** – Partially Implemented

At February 2017, the Ministry had an established process to review school division action plans—these plans replaced the prior Continuous Improvement Plans. However, it has not fully implemented its process.

The Ministry developed criteria to assess alignment of the school division action plans with the outcomes identified in the ESSP. The Ministry was formally tracking the completion of its assessments.

While the Ministry reviewed only half of the six school division action plans we tested, the Ministry was in the midst of reviewing the actions plans it received. It expected to complete its assessment of the school divisions' 2015-16 and 2016-17 action plans by June 2017.

Of the six school division action plans we reviewed, one school division did not identify risks and mitigation strategies in their plan as the Ministry's template expected. The Ministry had not yet reviewed this school division's action plan.

With respect to analyzing progress in reducing critical risks, we found that the Ministry reviewed changes in factors that influence graduation rates and gave school divisions data to evaluate changes such as improvements in attendance and credit attainment.

However, as the Ministry had not completed its review of school division action plans at February 2017, it did not know if all divisions reported root causes, actions, and risks to completing actions as the Ministry expected.

As described in **Section 3.2**, the Provincial Leadership Team began communicating to school divisions about strategies to improve graduation rates. At February 2017, the Ministry had not determined how to communicate the assessment results to school divisions to foster better alignment of school division action plans with ESSP outcomes.

## 3.4 School Division Results Reviewed and Reported

We recommended that the Ministry of Education review each school division's Continuous Improvement Report and assess if it is achieving its planned outcomes. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Intention of Recommendation Implemented

We recommended that the Ministry of Education publicly report the major reasons for differences in the graduation rates of all school divisions and schools. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Implemented

Since the spring of 2013, the Ministry stopped using the Continuous Improvement Report.[8] Instead, the Ministry and school divisions use the annual reports of school divisions as the primary tool to assess progress over the preceding year.

The Ministry gave school divisions a template to help ensure annual reports contained key information about progress. The template requires school division annual reports to show how the divisions' goals align with the ESSP outcomes—including outcomes specific to graduation rates. In addition, their annual reports must describe actions taken to achieve outcomes and associated results (e.g., on-time graduation rates, students reading at grade level), and include an analysis of results.

For six school division annual reports we tested, we found that the Ministry reviewed each annual report for alignment with the ESSP and adherence to the Ministry's template. Also, as described in **Section 3.1**, the Ministry analyzed each school division's graduation rates to establish the required school division targets necessary to achieve the overall provincial long-term outcome.

In addition, we found that each of the six school divisions' annual reports included reporting on actions taken to improve graduation rates, along with current gradation rates and analysis.

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[8] The Continuous Improvement Report was a report submitted by school divisions to the Ministry that presented evidence of progress in meeting expected outcomes and that provided direction for subsequent plans.

## 3.5 Effectiveness of Strategies Not Analyzed

We recommended that the Ministry of Education analyze and report whether school divisions use key effective strategies that could influence Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee agreement January 14, 2015)

**Status** – Not Implemented

While the Ministry reviews school division annual reports, it does not analyze the effectiveness of any particular school division actions or strategies. The Ministry acknowledged that using the ESSP could serve as a way to perform such an analysis.

# Chapter 21
# Education—Putting into Operation the Education Sector-Wide Strategic Plan

## 1.0 MAIN POINTS

The Ministry of Education is responsible for providing leadership and direction to the Pre-Kindergarten through Grade 12 (PreK-12) education sector. This includes providing leadership and co-ordination for the preparation of goals, objectives, and educational planning for the present and future growth and development of the educational system.

By mid February 2017, the Ministry had implemented one of the two recommendations we made in our 2015 audit of its processes to put into operation the sector-wide strategic plan for the PreK-12 education sector, called the Education Sector Strategic Plan (ESSP). The Ministry was actively assessing school division action plans. It had not yet determined how to communicate its assessment results to foster better alignment of school division action plans with ESSP outcomes.

## 2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on two recommendations we made in our 2015 audit of the Ministry's processes to put into operation the ESSP. Our *2015 Report – Volume 1*, Chapter 9, concluded that the Ministry had effective processes except for the areas reflected in the two recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

We examined the Ministry's processes for reviewing school divisions' action plans supporting the ESSP. We also interviewed Ministry officials as necessary.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 14, 2017, and the Ministry's actions up to that date. We found that the Ministry implemented one recommendation, and was in the process of implementing the remaining recommendation.

## 3.1 Deadline for Completion of Action Plans Established

We recommended that the Ministry of Education establish a deadline for completing action plans supporting achievement of the outcomes identified within the sector-wide strategic plan for the Pre-K through Grade 12 education sector. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)

**Status** – Implemented

During 2016, the Ministry established an annual deadline of September 30 for receipt of school division action plans. The Ministry communicated the deadline to school divisions through the Provincial Leadership Team's (PLT)[1] calendar. The Ministry reminded PLT members of the deadline through emails and discussion at PLT meetings. For action plans not received by the deadline, we saw the Ministry followed up with school divisions on the status of their action plans.

## 3.2 Process to Review Action Plans Established but Not Complete

We recommended that the Ministry of Education, to co-ordinate plans across the sector, review school division action plans supporting achievement of the outcomes identified within the sector-wide strategic plan for the Pre-K through Grade 12 education sector. (2015 Report – Volume 1; Public Accounts Committee agreement January 13, 2016)

**Status** – Partially Implemented

At mid-February 2017, the Ministry had an established process to review school division action plans.

The Ministry developed criteria to assess alignment of the school division action plans with the outcomes identified in the ESSP. The Ministry was formally tracking the completion of its assessments and expected to complete its assessment of the school divisions' 2015-16 and 2016-17 action plans by June 2017.

While the Ministry reviewed only one-half of the six school division action plans we tested, it was in the process of reviewing the actions plans for all 28 school divisions. At mid February 2017, it had not yet determined how to communicate results of its assessment to school divisions in a way that would help them improve the alignment of their action plans with ESSP outcomes.

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[1] In 2013, the Ministry of Education and school divisions formed the PLT to lead and co-ordinate the development and implementation of the ESSP. The PLT is made up of the Deputy Minister of Education, the Ministry's three Assistant Deputy Ministers, the Director of Education from each of the 28 school divisions, and representatives from the First Nations' school system. The PLT, along with other staff from the Ministry and school divisions, participated in the development of the ESSP.

# Chapter 22
# Environment—Regulating Reforestation

## 1.0 MAIN POINTS

Since 2014, the Ministry of Environment has implemented the three remaining recommendations initially made in our 2009 audit of its processes to regulate reforestation. By September 2016, the Ministry had processes to: set terms and conditions for reforestation and approve forest product permits, set fees at a level to cover reforestation costs, and monitor forestry operators' compliance with reforestation requirements.

## 2.0 INTRODUCTION

Reforestation is an important part of sustainable forest use, allowing a sustained flow of forest products and maintaining forest ecosystem health. The Ministry is responsible for the sustainable use of forest land for the benefit of current and future generations.[1]

The Ministry regulates reforestation by issuing several types of licences and permits, including Forest Management Agreements (FMAs), Non-FMA Area Term Supply Licences (TSLs), and Forest Products Permits (FPPs). Adequate reforestation through use of licensing helps ensure that the forest regenerates promptly and with the right kind of trees.

In 2015-16, in addition to its regulatory activities, the Ministry spent $1.7 million on reforestation of harvest areas that are the responsibility of the Crown (i.e., the Provincial Government).[2]

In our 2009 audit, we made seven recommendations to help the Ministry strengthen its processes to regulate reforestation of the provincial forest on Crown land.[3] Our first follow-up, reported in our *2011 Report – Volume 2*, Chapter 8, found that by March 2011, the Ministry had implemented one recommendation. Our second follow-up, reported in our *2014 Report – Volume 1*, Chapter 21, found that by March 2014, the Ministry had implemented three more recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

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[1] *The Forest Management Act*, s. 3.

[2] Ministry of Environment, *2015-16 Annual Report*, p. 40.

[3] See our *2009 Report – Volume 3*, Chapter 6 for the results of the initial audit. In this audit, we concluded that Environment had effective processes to regulate reforestation of the provincial forests on Crown land except for processes to set and verify reforestation fees, monitor forest operators' compliance and inform stakeholders about the effectiveness of reforestation.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, the Ministry's actions up to September 30, 2016, and the status of the recommendations. We found, by September 30, 2016, the Ministry had implemented all three remaining recommendations.

### 3.1 Process for Setting Reforestation Terms and Conditions in Place

> We recommended that the Ministry of Environment establish processes for setting reforestation terms and conditions and for approving forest product permits. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)
>
> **Status** – Implemented

Since 2014 (the timing of our last follow-up), the Ministry has established a process to set terms and conditions. Its Forest Service Branch Directives (policies and procedures) apply to all harvesting agreements (FMAs, TSLs, and FPPs). These policies and procedures set out when the Ministry requires reforestation.

The Ministry includes terms and conditions related to reforestation in all FMAs and TSLs. FMAs and TSLs are typically agreements or licences issued to major forestry operators. Through the terms and conditions, FMAs and TSLs are responsible for reforestation in their geographical area.

Harvesters using FPPs contribute fees to help cover costs of reforestation done by the FMA, TSL or the Crown. For FPPs issued to a smaller harvester within a FMA, TSL, or Crown-administered[4] geographic area, the harvester must remit fees into the associated trust for reforestation (as described in **Section 3.2**). In those cases, area-based FMAs, TSLs or the Crown remain responsible for forest renewal regardless if Environment issues an overlapping permit such as a FPP.

Environment may also issue FPPs to end-users where no reforestation is required (e.g., for haying, grazing, seismic testing, or power or highway rights of way). In the last five years, the Ministry has issued FPPs without being subject to FMA, TSL, or Crown reforestation for less than 1% of harvested land (2011-12: 0%, 2012-13: 0.05%, 2013-14: 0%, 2014-15: 0.83%, 2015-16: 0.73%).

If the Ministry issues a FPP for a larger harvest project outside an existing FMA/TSL area, the Ministry indicated it would require an environmental assessment which would include reforestation plans. It has not issued such a FPP to date.

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[4] Crown-administered lands include agricultural land, Island Forests (forested areas surrounded by agricultural land), and provincial parks.

## 3.2 Process to Set Reforestation Fees in Place

We recommended that the Ministry of Environment establish processes to set reforestation fees at a level to cover reforestation costs. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

**Status** – Implemented

The Ministry requires forestry companies to set aside money (reforestation fees) in reforestation trust funds to cover the costs associated with reforestation of harvested areas.

In 2015-16, 3.78 million cubic metres of timber were harvested. FMAs and TSLs harvested 95% and FPPs harvested 5%. In 2015-16, the Ministry levied reforestation fees of $5.5 million, of which 93% were from FMAs and TSLs, and 7%[5] from FPPs. The Ministry has established a process to set and adjust reforestation fees at a level to cover reforestation costs. As of September 2016, the reforestation fees set were sufficient to cover reforestation costs incurred by reforestation trust funds and directly by the Ministry.

For FMA licences, the Ministry can adjust forest management fees (which include reforestation fees) in individual licences. For example, it can amend the FMA licence to reflect the renewal cost by species group (hardwood, softwood, or combination of renewal).

For TSLs and FPPs, Cabinet can set the fee rates and to whom they apply (through regulations). At September 2016, *The Forest Resource Management Regulations* set out the fees that are part of the related licences; it has set blanket rates that apply to all TSL and FPP licence holders for the term of the licence. At September 2016, the regulations did not allow the Ministry to adjust fee rates in individual licences or permits to align them with actual reforestation costs for the related FMA, TSL, or Crown area.

On May 25, 2016, the Minister tabled amendments to *The Forest Resource Management Amendment Act*[6] (Bill 10) for the consideration of the Legislative Assembly. The proposed amendments allow the Ministry to adjust reforestation fees for individual licences (e.g., TSL or FPP). The Bill received Royal Assent on November 30, 2016, and is now law. By March 2017, the Ministry had begun to adjust individual reforestation fees.

## 3.3 Forest Operators' Reforestation Activities Monitored

We recommended that the Ministry of Environment establish processes to monitor operators' compliance with reforestation requirements. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

**Status** – Implemented

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[5] FPPs that do not require reforestation are not required to remit reforestation fees.

[6] http://docs.legassembly.sk.ca/legdocs/Bills/28L1S/Bill28-10.pdf (20 October 2016).

The Ministry's processes to monitor operators' compliance with reforestation requirements include the following.

After harvesting in a specific year, the Ministry gives companies two years to complete the required reforestation. After a further five years, the Ministry requires companies to survey the area to determine whether the forest has sufficiently regenerated. Companies must give these regeneration assessment survey reports to the Ministry within 18 months after their year-end.

The Ministry conducts field audits and visual and/or aerial surveys to verify sufficient regeneration of harvested areas. The Ministry prepares a final assessment report which outlines further work needed (if any) by the harvester to sufficiently regenerate the area.

We found FMAs and TSLs all submitted the required regeneration assessment surveys to the Ministry. At September 2016, the Ministry had conducted its field audits for surveys received up to March 2015. It was preparing final assessment reports and expected to complete them in the fall of 2016.

# Chapter 23
# Environment and Finance—Regulating Contaminated Sites

## 1.0 MAIN POINTS

Contaminated sites can pose risks to public health and safety if not properly managed.[1] The Ministry of Environment regulates all contaminated sites in Saskatchewan within the rules set by *The Environmental Management and Protection Act, 2010* and the new Saskatchewan Environmental Code. This includes sites for which a Provincial Government agency has caused contamination or the Government has accepted responsibility for cleanup of contaminates. At March 2017, it was regulating over 500 contaminated sites in Saskatchewan.

By mid March 2017, the Ministry of Environment and the Ministry of Finance had fully addressed four of the five recommendations remaining from two previous audits. Environment was using an IT system to help it regulate parties responsible for cleaning up contaminated sites. In addition, it had obtained and was tracking key information to help it regulate contaminated sites.

Environment had not evaluated about 4,000 manual files, which may contain contaminated sites identified prior to 2014. As such, it does not know whether it has obtained all expected information for these sites and whether parties responsible for cleaning up the sites are giving them sufficient attention and cleaning them up within an appropriate timeframe. Also, it received less than 40% of the priority rankings it expected to receive for the 500 identified contaminated sites in its IT system. Delays in cleanup may cause unnecessary risk to public health and safety.

## 2.0 INTRODUCTION

Regulating contaminated sites helps prevent, minimize, or mitigate potential damage to human or ecosystem health. Under *The Environmental Management and Protection Act, 2010* and related regulations, Environment is responsible for regulating activities that impact the environment.

In June 2015 as part of its regulatory regime, it implemented a new Saskatchewan Environmental Code.[2] The Environmental Code defines expected environmental outcomes. The Environmental Code allows the regulated community to determine how best to achieve those outcomes.

At times, the Provincial Government has caused contamination or has accepted responsibility for the remediation (cleanup) of contaminates. In these instances, the Provincial Government must assess the contamination to know and understand what risks exist, and decide on actions to address or mitigate those risks. In addition, it must determine and record in its financial statements its estimate of cleanup costs.

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[1] Under *The Environmental Management and Protection Act, 2010*, section 2(l), an environmentally-impacted site is an area of land or water that contains a substance that may cause or is causing an adverse effect.

[2] The Environmental Code is a results-based regulatory approach to protect the environment. It incorporates the required environmental outcomes into regulations. www.saskatchewan.ca/business/environmental-protection-and-sustainability/environmental-code (14 March 2017).

Our *2008 Report – Volume 1*, Chapter 4 reported that Environment, in regulating contaminated sites, needed better processes to assess, monitor, and report on the status of contaminated sites. It contained four recommendations. By August 2014, Environment had implemented two of the four recommendations.[3] This chapter reports the results of our third follow up of the two recommendations remaining.

Our *2013 Report – Volume 1*, Chapter 10 reported that at March 2013, the Government was in the early stages of identifying and managing all contaminated sites for which it was responsible. It included four recommendations; three related to Finance and one related to Environment. By August 2014, Finance had implemented one of three recommendations. This chapter reports the results of our second follow up of three recommendations remaining—two related to Finance and one related to Environment.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Finance and Environment's progress towards meeting our recommendations, we used the relevant criteria from the original audits. Management agreed with the criteria in the original audits.

To carry out this engagement, we reviewed related documentation (e.g., guidance Finance provided to government agencies to account for costs to remediate contaminated sites), gained an understanding of Environment's IT system to manage contaminated sites, and discussed key actions with relevant officials.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of each recommendation at March 14, 2017, and Finance and Environment's actions up to that date.

The first part focuses on the outstanding recommendations related to Environment's regulatory role; the second part focuses on the outstanding recommendations related to the Government's readiness to address and account for its liabilities related to contaminated sites.

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[3] In 2011 and 2014, we reported whether Environment had implemented these recommendations.

## 3.1 Regulating Contaminated Sites—Ministry of Environment

### 3.1.1 Adequate System for Tracking Contaminated Sites Established

We recommended that the Ministry of Environment establish an adequate system for tracking contaminated sites. (2008 Report – Volume 1; Public Accounts Committee agreement June 16, 2008)

**Status** – Implemented

Since August 2014, Environment fully implemented its system to track and monitor contaminated sites. It uses an IT system (i.e., Client Relations and Impacted Sites Information System [CRISIS]) to help it regulate those responsible for cleaning up contaminated sites.

Environment designed CRISIS to track all expected information for each contaminated site. For example, it tracked location of the site, type of contamination, the responsible parties, status of the site, reports provided (e.g., site assessment reports, remediation plans), and national classification system for contaminated sites (NCSCS) rating.[4] We observed that CRISIS can report on any combination of the data captured within the system.

In addition, Environment designed CRISIS to enable responsible parties to use CRISIS to give Environment expected information about sites. Responsible parties submit information such as site assessment reports and remediation plans.

We found Environment had created guides for its staff on how to use CRISIS.

### 3.1.2 Contaminated Site Priority Ratings Not Completed

We recommended that the Ministry of Environment complete its risk assessments for identified contaminated sites and rank them in terms of priority. (2008 Report – Volume 1; Public Accounts Committee agreement June 16, 2008)

**Status** – Partially Implemented

Environment did not receive from parties responsible for site cleanup NCSCS ratings for all sites as it expected or assess those ratings itself.

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[4] NCSCS rating is a national classification system for contaminated sites used to convey the degree of contamination and priority for cleanup. For example, class 1 classification indicates that action is required to address existing concerns for public health and safety.

At March 14, 2017, Environment had less than 40% of the NCSCS ratings that it expected to have for contaminated sites in CRISIS. It had not received NCSCS ratings for all sites that the Provincial Government is responsible for cleaning up. NCSCS ratings help identify the level of risk the site presents to the environment and priority for cleanup. The lower the NCSCS rating, the higher the priority for action.

The Environmental Code expects every person required to do a site assessment to give Environment the NCSCS rating for the site within 30 days of completing the site assessment.[5] Alternately, Environment may choose to complete the NCSCS rating for a site.

We found, at March 2017, CRISIS contained records for about 500 contaminated sites. CRISIS included records for all new contaminated sites since 2014. CRISIS also included information on all sites the Provincial Government is responsible for cleaning up.

However, at March 2017, Environment indicated it had not yet evaluated about 4,000 manual files. These manual files included contaminated sites, spills, and registered hazardous waste storage sites. These files may include contaminated sites where responsible parties have not yet completed remediation. Environment is entering data into CRISIS for identified contaminated sites from these files when it receives new information for these sites or as time permits.

Because Environment had not evaluated these manual files and entered the identified contaminated sites into CRISIS, it did not know how many NCSCS ratings it should have received. As such, it did not have a way to determine whether all responsible parties complied with the Environmental Code. At March 2017, Environment relied on its environmental protection officers' understanding of sites to which they were assigned.

Obtaining and evaluating completed risk assessments for contaminated sites reduces the threat of high-risk sites not being given sufficient attention and not being cleaned up within an appropriate timeframe. Delays in cleanup may cause unnecessary risk to public health and safety.

## 3.2 Contaminated Sites for which the Government is Responsible for Cleanup

### 3.2.1 Responsibilities Appropriately Communicated to Government Agencies

We recommended that the Ministry of Environment take steps to make government agencies fully aware of their responsibilities under the proposed *The Environmental Management and Protection Act, 2010* and the related Environmental Code. (2013 Report – Volume 1; Public Accounts Committee agreement June 17, 2015)

**Status** – Implemented

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[5] Ministry of Environment, *Saskatchewan Environmental Code Chapter B.1.2 Site Assessment*, section 1-6. http://environment.gov.sk.ca/Default.aspx?DN=7c959b1e-75b4-409c-afc9-9a4d4a42ec47 (14 March 2017).

In June 2015, Environment communicated the requirements of *The Environmental Management and Protection Act, 2010*, related regulations, and the Environmental Code to all government agencies. It explained, in an understandable way, the requirements to report spills and new contaminated sites to Environment; assess the site for contaminants, determine the potential impact on the environment; and to clean up the site.

### 3.2.2 Guidance Provided to Account for Costs Related to Contaminated Sites

We recommended the Ministry of Finance set out guidance in the Financial Administration Manual for recording liabilities of contaminated sites to enable complete recording in the Government's 2014-15 Budget and Summary Financial Statements. (2013 Report – Volume 1; Public Accounts Committee agreement June 17, 2015)

**Status** – Implemented

In June 2015, the Ministry of Finance approved a new section in the *Financial Administration Manual* (FAM) for determining costs relating to contaminated sites.[6] This FAM section provided guidance on what information government agencies must obtain about contaminated sites (e.g., environmental site assessments). It also contained policies for government agencies to follow to keep Finance and Environment informed. For example, agencies are to:

- Notify Finance of potential costs related to contaminated sites
- Notify Environment of potentially contaminated sites so it can include those sites in its tracking system
- Provide Environment with the NCSCS rating
- Review estimated costs related to contaminated sites annually

The new FAM section also referred government agencies to Finance's further detailed guidance in its *Province of Saskatchewan: Year End Reporting Requirements and Procedures*. This guidance provided detailed accounting and reporting requirements (e.g., guidance on how to estimate the costs related to contaminated sites, how to use present value techniques to estimate costs when required).

Together, Finance's new FAM section and other detailed guidance provided adequate information to enable appropriate recording of costs related to contaminated sites.

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[6] *Financial Administration Manual*, section 2280 – Environmental Liabilities Management and Reporting. www.finance.gov.sk.ca/fam/toc (14 March 2017).

### 3.2.3 Contaminated Site Priority Rating Required in Budget Submissions

We recommended Treasury Board require government agencies, when requesting funds for cleanup activities, to use the National Classification System endorsed by the Canadian Council of Ministers of Environment to prioritize cleanup activities where the provincial government is responsible for cleaning up contaminated sites. (2013 Report – Volume 1; Public Accounts Committee agreement June 17, 2015)

**Status** – Implemented

In November 2014, Finance requested Deputy Ministers of government ministries who are responsible for cleaning up contaminated sites to provide NCSCS ratings for those contaminated sites when requesting funding for cleanup costs. Also, Finance included this requirement in its new FAM section related to contaminated sites.

Government agencies need time and resources to assess the degree of contamination and subsequent clean up plans for contaminated sites. Cleanup plans can be costly and complex. Each year, Treasury Board, in its budget process, must decide which sites to assess and/or clean up in the upcoming year(s). The NCSCS rating helps identify sites that pose higher risks to the environment and can help Treasury Board prioritize its funding decisions.

# Chapter 24

# Regina Qu'Appelle Regional Health Authority—Safe and Timely Discharge of Hospital Patients

## 1.0 MAIN POINTS

Since our 2015 audit of Regina Qu'Appelle Regional Health Authority's processes for safe and timely discharge of hospital patients, it has made good progress in improving those processes. By early March 2017, Regina Qu'Appelle had implemented eight of eleven recommendations, and was working to implement the remaining three.

Regina Qu'Appelle needs to:

- Document consultations with interdisciplinary care providers in a way that facilitates a co-ordinated approach to patient care for each patient
- Complete chart audits to analyze compliance with its policy to document patient instructions and discuss those instructions with patients before discharge
- Conduct medication reconciliations prior to discharging patients

Timely patient discharge is key to patient flow within a hospital and plays an important role in patient safety.

## 2.0 INTRODUCTION

Our *2015 Report – Volume 1,* Chapter 14 concluded that Regina Qu'Appelle had, other than the following four areas, effective processes for the safe and timely discharge of hospital patients from its two largest acute-care facilities (Regina General and Pasqua Hospital). It needed to:

- Require the preparation of comprehensive, multi-disciplinary patient care plans
- Provide post-discharge healthcare providers with complete and timely transfer information to maintain continuity of care
- Develop additional strategies to discharge patients in a timely manner
- Enhance systems to monitor performance related to patient discharge

We made 11 recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Regina Qu'Appelle's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Regina Qu'Appelle's management agreed with the criteria in the original audit.

We reviewed Regina Qu'Appelle's policy and procedure manuals, standard work, and other relevant documents that relate to patient discharge. In addition, we visited both the Regina General and Pasqua Hospitals in Regina to test a sample of patient files, and observe visual cues (e.g., whiteboards) in use on a sample of wards.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 1, 2017, and Regina Qu'Appelle's actions up to that date. We found that Regina Qu'Appelle had fully implemented eight of our recommendations and made progress on the remaining three.

### 3.1 Improvements in Completion of Timely Admission Assessments

We recommended that Regina Qu'Appelle Regional Health Authority follow its policy to complete admission assessments of patients within 24 hours of admission. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

Regina Qu'Appelle's policy requires staff to complete admission assessments within 24 hours. Since our 2015 audit, management implemented a number of targeted actions to increase awareness of the policy and actively monitor compliance. For example, it:

- Reminded staff about Regina Qu'Appelle's Standards of Care policy requiring admission assessments be completed within 24 hours.

- Did chart audits of over 500 newly admitted patients to assess level of compliance with its policy—it found that 93% were completed within 24 hours. It found that those outside of the 24-hour requirement were completed within 48 hours.

Based on patient files we tested, staff completed admission assessments within 24 hours 80% of the time. Staff completed the other 20% within 48 hours.

## 3.2 Consultations with Interdisciplinary Care Team Members Not Always Reflected in Nursing Care Plans

We recommended that Regina Qu'Appelle Regional Health Authority require healthcare professionals involved in patient care prepare a comprehensive, multi-disciplinary patient care plan. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Intent of Recommendation Partially Implemented

Regina Qu'Appelle is not documenting consultations between care providers consistently.

Subsequent to our 2015 audit, management decided not to proceed with a comprehensive, multi-disciplinary patient care template. Instead, management expects each patient's nursing care plan to document interactions with interdisciplinary care team members (e.g., dietitians, pharmacists).

For 60% of patient files we tested, consultations documented on the care provider's stand-alone care plans were inconsistent with the nursing care plan for the patient. The nursing care plans did not always reflect consultations held with other interdisciplinary team members.

Documenting consultations between care providers in the nursing care plan provides complete information to help healthcare professionals make decisions regarding the patient's care while in hospital. Not documenting consultations may result in an unco-ordinated approach to patient care.

## 3.3 Use of Accountable Care Unit Improving Communication with Physicians

We recommended that Regina Qu'Appelle Regional Health Authority implement a strategy to facilitate communication with physicians to better co-ordinate patient discharge timeframes. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

Regina Qu'Appelle is using Accountable Care Units as its main strategy to facilitate communication with physicians to better co-ordinate patient discharge timeframes.

An Accountable Care Unit uses a team-based approach to patient care and actively involves all members of the team, including the patient and family. The Accountable Care

Unit includes a hospitalist[1] as a key member of the interdisciplinary team. Management indicated having a hospitalist as part of the care team improves communication with the physicians and allows for better co-ordination of patient discharge timeframes.

It conducted a successful Accountable Care Unit pilot at the Pasqua Hospital from March to August 2016. Based on data provided by management, the Accountable Care Unit improved many aspects related to quality of care (e.g., reduced patient advocate complaints, better nutritional outcomes, less code blue events).[2] The data also showed improvements in patient flow through reduced lengths of stay.

At March 2017, Regina Qu'Appelle was assessing options to expand the Accountable Care Unit to both the Pasqua and General Hospitals inpatient units.

In addition, Regina Qu'Appelle was training new physicians as part of their orientation to the health region. The training outlines the physician's role as part of the care team including discharge planning.

## 3.4 Monitoring of Policy to Document Patient Instructions Needed

We recommended that Regina Qu'Appelle Regional Health Authority follow its policy to document patient instructions and discuss those instructions with patients before discharge. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Partially Implemented

While Regina Qu'Appelle plans to increase awareness of the policy related to patient discharge instructions and actively monitor compliance, by early March 2017, it had not finalized or implemented these plans.

It had expected to start chart audits in December 2016. By early March 2017, it had not completed chart audits to analyze compliance with its policy or set out its expected rate of compliance.

For patient files we tested, 86% of them contained documented discharge instructions signed by patients prior to discharge to show the plan was shared and discussed with the patient.

Not maintaining documentation of patient instructions increases the risk that patients may not be provided with all of the information needed to prepare them for discharge. This may result in serious negative health implications and unplanned re-admissions.

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[1] A hospitalist is a physician (employed by Regina Qu'Appelle) who specializes in caring for patients while they are in the hospital. While on duty, hospitalists do not see patients outside the hospital, therefore, they can give their complete attention to hospital patients.

[2] A code blue is a term used to alert hospital staff to an area where a person is having or is in a cardiac/respiratory arrest.

## 3.5 Visual Aids Consistently Used to Provide Critical Information about Estimated Discharge Dates and Goals

We recommended that Regina Qu'Appelle Regional Health Authority consistently use visual aids (e.g., whiteboards at the bedside) to provide patients with critical information about the estimated discharge date and goals. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

Management implemented a number of targeted actions to increase the use of visual aids (e.g., whiteboards at the bedside) within its hospital wards. These actions include:

- Conducting an Accountable Care Unit pilot at the Pasqua Hospital—see **Section 3.3** for details
- Establishing standard work and supporting education on interdisciplinary bedside rounds including the use of white boards
- Completing audits on the use of whiteboards as part of bedside rounding audits

For wards we visited at the Regina General and Pasqua Hospitals, white boards were consistently filled out and were used more often than in 2015. Visual aids enable patients and health care providers understand the barriers they need to address prior to discharge and support a safe and timely discharge.

## 3.6 Mechanisms to Support Timely Completion of Discharge Summaries in Place

We recommended that Regina Qu'Appelle Regional Health Authority ensure physicians complete discharge summary information on a timely basis as required by the rules for medical staff. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

Regina Qu'Appelle improved the timeliness of discharge summary completion as well as its monitoring of physicians. Practitioner Staff Bylaws (Bylaws) require physicians to complete discharge summaries within seven days. Practitioner Affairs and the Regina Qu'Appelle Board approved the Bylaws in 2014.

Since 2015, Regina Qu'Appelle took considerable steps to support the timely completion of discharge summaries. Key steps taken since 2015 include the following. Practitioner Affairs:

- Communicated discharge summary timeliness expectations to all Regina Qu'Appelle physicians
- Completed weekly audits of discharge summary completion
- Obtained reasons for incomplete charts from physicians with 20 or more incomplete charts
- Sent letters warning disciplinary action to or temporarily suspending privileges of physicians not complying with the Bylaws

For patient files we tested, physicians completed discharge summaries within seven days 70% of the time (2015 audit: less than half the time).

## 3.7 Medication Reconciliation Policy Developed but Not Always Followed

We recommended that Regina Qu'Appelle Regional Health Authority establish a policy for completing medication reconciliations prior to discharging patients. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

We recommended that Regina Qu'Appelle Regional Health Authority require staff to follow the policy when completing medication reconciliations prior to discharging patients. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Partially Implemented

In November 2015, Regina Qu'Appelle approved a new medication reconciliation policy but staff are not always following it.

The policy requires staff to complete a medication reconciliation for each patient at transition points of care (i.e., admission, transfer, referral, discharge). It requires staff to use a standard medication reconciliation form. To help staff use the policy, management developed a medication-at-discharge implementation plan to guide the required steps and timing of activities.

For patient files we tested, staff were not consistently following the policy. Medication reconciliations at discharge were not completed in 66% of those files. In addition, staff were not always using the standard medication reconciliation form required in the policy.

Medication reconciliations can help to manage the risk that inaccurate medication information is communicated across transitions of care. Not consistently performing medication reconciliations at discharge may lead to adverse drug-related incidents or unplanned readmissions.

In 2016, Accreditation Canada identified a requirement for Regina Qu'Appelle to meet the medication reconciliation required organizational practice (ROP) standard. It required Regina Qu'Appelle to submit a plan outlining how it would fully implement the medication reconciliation ROP by the next survey in 2019. Regina Qu'Appelle submitted a plan and it was accepted by Accreditation Canada. The plan involves Regina Qu'Appelle's replacement of the current paper-based system with an IT system.

## 3.8 Strategies to Support Discharging Patients

We recommended that Regina Qu'Appelle Regional Health Authority develop strategies to achieve its target to discharge patients early in the day. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Intent of Recommendation Implemented

Since our 2015 audit, Regina Qu'Appelle has shifted its efforts from achieving a targeted percentage of discharges before a specified time to identifying and addressing barriers to safe care progression and discharge. In addition, it established and is using a process to better support patient discharge.

At the time of our 2015 audit, Regina Qu'Appelle had a target of 80% of discharges taking place before 2 p.m. Since 2015, management discontinued use of this target because it found focusing on achieving the target was having unintended consequences such as pressuring staff to discharge patients too early.

Since our audit, Regina Qu'Appelle has started to implement strategies to encourage discharging clinically fit patients earlier in the day. For example, it has broadened the scope of its use of General Practitioners through its hospitalist program. Hospitalists are General Practitioners whose primary focus is the general medical care of hospitalized patients.

Regina Qu'Appelle has implemented a "one week in, one week off," ten-hour day contract with its hospitalists. The remainder of the time, the hospitalists are on call. This provides a 24-hour physician presence in the hospital at all times. Having more hospitalists readily available in the hospital enables better co-ordination of patient care and response to questions or emergencies as they arise.

Although hospitalists can only discharge their own patients, hospitalists in the Accountable Care Unit (ACU) facilitate more effective bed management. This is done by sharing of information during interdisciplinary bedside rounds to identify patients clinically fit for discharge.

By March 2017, the ACU had shown progress in facilitating patient flow. Better patient flow enables more effective bed management and facilitates safe and early discharge of clinically fit patients. Management indicated that Regina Qu'Appelle plans to replicate the ACU model of care throughout its hospitals.

In addition, Regina Qu'Appelle has put into place a barrier escalation process. Under this process, a department head or the senior medical officer can approve the discharge of patients that are clinically fit when the most responsible physician is unavailable to discharge them.

## 3.9 Performance Measures Used and Reported On

We recommended that Regina Qu'Appelle Regional Health Authority establish performance-based measures and targets for patient discharge. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

We recommended that Regina Qu'Appelle Regional Health Authority report on performance-based measures and targets for patient discharge to senior management and the Board of Directors of Regina Qu'Appelle Regional Health Authority. (2015 Report – Volume 1; Public Accounts Committee agreement September 17, 2015)

**Status** – Implemented

Regina Qu'Appelle tracked metrics to help it assess the success of its Accountable Care Unit pilot project. As part of this project, it tracked patient flow metrics such as length of stay, emergency room wait times and interdisciplinary bedside rounding. It reported this Accountable Care Unit data to senior management as part of this pilot.

We observed that Regina Qu'Appelle used its corporate patient flow wall to track metrics on key patient care for various units in the Regina General Hospital. Senior management have wall walks twice a month to monitor these metrics. For metrics that are off target, Regina Qu'Appelle requires senior managers within the unit to establish a corrective action plan.

Regina Qu'Appelle annually monitors its readmission rates against The Canadian Institute for Health Information[3] benchmarks. These benchmarks provide information about how Regina Qu'Appelle is doing compared to its peers, and provincial and national averages.

Regina Qu'Appelle's 2017-18 Business Plan includes initiatives around length of stay reductions and quality care transitions, with proposed measures assessing estimated versus actual lengths of stay for defined target groups and decreasing readmissions rates by 5% for the same target groups.

Regina Qu'Appelle's Board considers emergency department length of stay to be a key indicator of patient flow, including patient discharge. The Board receives quarterly reports on emergency department average lengths of stay.

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[3] Canadian Institute for Health Information is an independent, not-for-profit organization that provides essential information on Canada's health system and the health of Canadians (www.cihi.ca/en).

# Chapter 25
# Regina Qu'Appelle Regional Health Authority—Use of Surgical Facilities

## 1.0 MAIN POINTS

As part of its mandate, Regina Qu'Appelle Regional Health Authority is responsible for providing surgical services within its health region.

This chapter describes our second follow-up of the actions of Regina Qu'Appelle on the one remaining recommendation we initially made in our 2013 audit of its processes to support the efficient use of its surgical facilities.

By mid March 2017, Regina Qu'Appelle had implemented the recommendation. It assessed the use of its surgical facilities by monitoring its efficiency-focused performance measures.

## 2.0 INTRODUCTION

Our *2013 Report – Volume 1*, Chapter 20 reports the results of our audit of Regina Qu'Appelle's processes to support the efficient use of its surgical facilities. We made nine recommendations to help Regina Qu'Appelle strengthen its processes. By 2015, as reported in our *2015 Report – Volume 1*, Chapter 26, Regina Qu'Appelle had implemented eight of the nine recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Regina Qu'Appelle's progress towards meeting the recommendation, we used the relevant criteria from the original audit. Regina Qu'Appelle's management agreed with the criteria in the original audit.

To perform our follow-up on the recommendation, we discussed actions taken with management and reviewed relevant documentation (e.g., Surgical Program Executive Committee minutes, monitoring reports).

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out the recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 15, 2017, and Regina Qu'Appelle's actions up to that date. We found that Regina Qu'Appelle implemented the recommendation.

## 3.1 Assessing the Use of Surgical Facilities

We recommended that Regina Qu'Appelle Regional Health Authority establish efficiency-focused performance measures and targets for assessing the use of surgical facilities. (2013 Report – Volume 1; Public Accounts Committee agreement September 9, 2014)

**Status** – Implemented

Regina Qu'Appelle is assessing the use of its surgical facilities by monitoring its efficiency-focused performance measures.

In July 2015, the Surgical Executive Committee started to monitor the following efficiency-focused performance measures at each of its meetings:

- Operating room vacated time (i.e., cancellations) total hours versus unfilled vacated time total hours
- Late theatres (i.e., operating rooms) per day broken down by service (e.g., general surgery, neurosurgery)
- Same day cancellations
- Booked time versus utilized time by service and surgeon

Since 2015, the Committee met 30 times to discuss these measures. During these meetings, the Committee also began discussing and developing some targets for the measures. For example, it has set a target of 90% for operating room vacated time utilization. It is monitoring and reporting against this target at the Committee meetings.

# Chapter 26
# Saskatchewan Government Insurance—Monitoring Certified Vehicle Inspection Stations

## 1.0 MAIN POINTS

On behalf of the Saskatchewan Auto Fund, SGI is responsible for the provincial vehicle inspection program—a program that ensures vehicles comply with vehicle safety standards.

By April 2017, SGI implemented all six recommendations we made in 2015 related to its processes to monitor and certify vehicle inspection stations. SGI developed experience requirements for motorcycle technicians. It developed a risk-based monitoring plan based on its assessments of risks related to its vehicle inspection program. In addition, it better documented the results of inspecting certified inspection stations. Lastly, SGI periodically reported to senior management on the results of its vehicle inspection program.

## 2.0 INTRODUCTION

The objective of the vehicle inspection program is to enhance traffic safety and provide consumer protection by ensuring vehicles comply with vehicle safety standards. The program includes certifying and monitoring about 930 certified inspection stations and more than 3,500 certified vehicle inspection technicians. It focuses on the safe driving condition of higher-risk vehicles including total-loss vehicles,[1] large commercial vehicles (e.g., buses, heavy trucks, trailers), and vehicles brought into the province from other jurisdictions.

This chapter describes our follow up of management's actions on the recommendations we made in our *2015 Report – Volume 1*, Chapter 15. In that chapter, we concluded that, for the 12-month period ended December 31, 2014, SGI did not have effective processes to monitor that certified inspection stations operated consistent with regulatory and internal policy requirements. We made six recommendations related to SGI's processes and policies.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SGI's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SGI's management agreed with the criteria in the original audit.

To perform our follow up on these recommendations, we discussed actions taken with staff and management, reviewed relevant documentation, and tested SGI's compliance with its processes.

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[1] In Saskatchewan, a total loss is when the cost to repair a vehicle and the vehicle's salvage value are greater than the value of the vehicle.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, its status at April 11, 2017, and SGI's actions up to that date.

### 3.1 Motorcycle Technicians' Experience Requirements Established

We recommended that Saskatchewan Government Insurance establish clear experience requirements that motorcycle technicians must meet to become certified under the motorcycle inspection program. (2015 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement December 1, 2016)

**Status** – Implemented

SGI developed clear experience requirements for motorcycle technicians and communicated them to inspection stations and SGI staff.

For a sample of motorcycle technicians certified in 2016, we found that their experience was documented and they met SGI's requirements.

### 3.2 Risks Assessed and Risk-Based Monitoring Plan Implemented

We recommended that Saskatchewan Government Insurance assess the risks for its vehicle inspection program. (2015 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement December 1, 2016)

**Status** – Implemented

We recommended that Saskatchewan Government Insurance develop a risk-based monitoring plan for its vehicle inspection program including performance measures. (2015 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement December 1, 2016)

**Status** – Implemented

In February 2016, SGI assessed the risks of its staff, activities, and stations not meeting the Vehicle Standards and Inspection division's objectives.

SGI identified risks, factors that reduce risk, and processes it currently used to address the risk (e.g., certification, station audits, mystery shopper program).

SGI did a more detailed assessment of each vehicle inspection station. It assigned each station a risk score based on a number of factors. Factors included length of time since the last audit, type of inspections performed, volume of inspections performed annually, and prior history of unsatisfactory reviews. In September 2016, SGI developed a monitoring plan based on each station's risk rating.

For a summary of the station audits completed in September and October 2016 that we reviewed, SGI was using the risk-based monitoring plan to direct its inspection activities. SGI plans to set targets for the number of station audits to complete in each quarter to help it achieve its plan.

## 3.3 Inspection Activities Documented

We recommended that Saskatchewan Government Insurance, consistent with its established processes, clearly document the results of each inspection station audit. (2015 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement December 1, 2016)

**Status** – Implemented

We recommended that Saskatchewan Government Insurance, consistent with its established processes, clearly document that certified Preventative Maintenance Program inspection stations complete vehicle maintenance consistent with the approved preventative maintenance plan. (2015 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement December 1, 2016)

**Status** – Implemented

In February 2016, SGI approved revised station visitation forms for inspectors to use. These forms allow for clear and complete documentation of the results of inspection station audits (including stations certified under the Preventative Maintenance Program). SGI also communicated written guidance to inspectors to use when visiting inspection stations.

For a sample of inspection audits completed in 2016, we found that SGI had clearly documented the results of each audit.

## 3.4 Results of Inspection Activities Reported

> We recommended that Saskatchewan Government Insurance report to senior management the results of its risk-based monitoring plan activities for its vehicle inspection program. (2015 Report – Volume 1; Standing Committee on Crown and Central Agencies December 1, 2016)
>
> **Status** – *Implemented*

Starting July 2016, SGI gave senior management quarterly reports on its vehicle inspection program activities. In addition, in April 2017, SGI developed a template for reporting on its inspection results to senior management.

The template includes a comparison of planned and actual station audits, short-notice bus inspections, and mystery shopper monitoring activities. The template also requires management to describe the results of monitoring activities and any trends identified. Where SGI identifies unfavourable trends, the template requires management to describe planned actions and strategies to address them. SGI began using the template to report its results for the first quarter of 2017.

SGI plans to add a more detailed comparison of planned and actual station audits completed once it sets quarterly targets. It expects to set quarterly targets by the end of 2017.

# Chapter 27
# Saskatchewan Opportunities Corporation—Maintaining Facilities

## 1.0 MAIN POINTS

By January 31, 2017, the Saskatchewan Opportunities Corporation (SOCO) had fully addressed the two recommendations that were outstanding from our 2012 audit. SOCO had completed and approved its individual asset management plans. In addition, it has incorporated these into an overall corporate maintenance plan and into a capital forecast. This forecast includes short- and long-term capital plans for each building and by major building components.

Having comprehensive maintenance plans will decrease the risk of unexpected costs and/or downtime for emergency maintenance.

## 2.0 INTRODUCTION

In our *2012 Report – Volume 1,* Chapter 18, we concluded that SOCO had effective processes to maintain facilities at Innovation Place in Saskatoon in a sustainable way except in three areas. We made three recommendations. In 2015, we reported that by January 2015, SOCO had made some improvements by implementing one of the three recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SOCO's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SOCO's management agreed with the criteria in the original audit. To do this follow-up, we discussed the relevant actions taken by SOCO to implement the recommendations, and reviewed related documentation (e.g., asset management plans, capital forecast).

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at January 31, 2017, and SOCO's actions up to that date. We found that SOCO had implemented both recommendations outstanding from our 2012 audit.

## 3.1 Information on Facilities Compiled and Corporate Maintenance Plan Completed

We recommended that Saskatchewan Opportunities Corporation document for each of its facilities, current condition, key risks, and remaining life span in the context of the facility's intended use. (2012 Report – Volume 1; Crown and Central Agencies Committee agreement September 15, 2015)

**Status** – Implemented

We recommended that Saskatchewan Opportunities Corporation expand its corporate maintenance plan to include all its maintenance objectives and priority strategies for the short and long term. (2012 Report – Volume 1; Crown and Central Agencies Committee agreement September 15, 2015)

**Status** – Implemented

In 2016, SOCO completed assessments on facility condition for each of its facilities at Innovation Place. It documented these assessments in an asset management plan for each facility. Facility condition drives maintenance planning for each facility.

Each of its asset management plans contain key information for the facility (e.g., the purpose of the facility, results of building condition assessment surveys, the facility's service history, key risks for the facility, remaining lifespan, rehabilitation or replacement activities required, the associated costs within the short and long term).

Also in 2016, SOCO had expanded its corporate maintenance plan to include all of its maintenance objectives and to prioritize strategies for the short and long term.

By January 2017, SOCO had compiled the information from the asset management plans into its Vertical Assets Capital Forecast which includes short- and long-term capital plans for each building and by major building components.

SOCO is responsible for managing 16 specialized facilities used primarily by technology and service organizations at its technology parks located in Regina and Saskatoon. Comprehensive maintenance plans and forecasts will decrease the risk of unexpected costs and/or downtime for emergency maintenance, and help make effective use of maintenance dollars.

# Chapter 28
# Saskatchewan Water Corporation—Maintaining Infrastructure

## 1.0 MAIN POINTS

By early April 2017, Saskatchewan Water Corporation implemented both outstanding recommendations initially made in our 2006 audit of its processes to maintain its water treatment and transmission infrastructure.

SaskWater gathered detailed information about its water treatment and transmission infrastructure and completed condition assessments for all of its critical pumps and motors. This information will help managers better identify maintenance needs and make informed decisions on infrastructure improvements and replacements.

## 2.0 INTRODUCTION

SaskWater constructs, acquires, manages, and operates waterworks and provides services in accordance with agreements it makes under *The Saskatchewan Water Corporation Act*. At April 2017, it owned 8 water treatment plants, 3 wastewater facilities, 39 pump stations, 140 kilometres of canal, and approximately 935 kilometres of pipeline.

Our *2006 Report – Volume 1*, Chapter 12 contained two recommendations that we made in our audit of SaskWater's processes related to maintenance of water treatment and transmission infrastructure. In our *2009 Report – Volume 1*, Chapter 15 (first follow-up) and *2014 Report – Volume 1*, Chapter 27 (second follow-up), we reported some progress that SaskWater had made towards implementing these recommendations.

This chapter describes the results of our third follow-up of management's actions on the two recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskWater's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskWater's management agreed with the criteria in the original audit.

To carry out this engagement, we discussed with management the actions taken by SaskWater to implement our recommendations, and examined related documents.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at April 7, 2017, and SaskWater's actions up to that date.

## 3.1 Reliable Information on Assets Obtained

We recommended that Saskatchewan Water Corporation compile reliable information detailing the water treatment and transmission infrastructure it owns and the condition of that infrastructure. (2006 Report – Volume 1; Crown and Central Agencies Committee agreement January 19, 2009)

**Status** – Implemented

SaskWater gathered detailed information about its water treatment and transmission infrastructure in its Asset Management System. By early April 2017, SaskWater completed condition assessments for all of its critical pumps and motors.

Collecting information about infrastructure and assessing the condition of assets helps managers identify maintenance needs and make informed decisions on future infrastructure improvements and replacements.

## 3.2 Maintenance Plan Developed

We recommended that Saskatchewan Water Corporation develop and use a maintenance plan for its water treatment and transmission infrastructure. (2006 Report – Volume 1; Crown and Central Agencies Committee agreement January 19, 2009)

**Status** – Implemented

By early April 2017, SaskWater developed a comprehensive maintenance plan. The plan includes maintenance objectives, strategies, asset records[1] that SaskWater maintains, and inspection and maintenance requirements for specific types of equipment and assets. In addition, the maintenance plan outlines roles and responsibilities for establishing the frequency of the inspections, assignment of maintenance tasks, scheduling of maintenance, and a reporting section detailing documentation requirements.

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[1] Asset records include asset management database records, inventory lists, system and facility lists, and listing of capital assets.

# Chapter 29
# Saskatoon Regional Health Authority—Protecting IT Infrastructure

## 1.0 MAIN POINTS

This chapter describes our follow-up of management's actions on three recommendations we first made in our *2010 Report – Volume 2*, Chapter 11D on Saskatoon Regional Health Authority's processes to protect its IT infrastructure.

By March 31, 2017, Saskatoon RHA had implemented all three recommendations. It implemented processes to monitor security of its IT systems, patch its computer systems and network, and better restrict user access to its IT systems and data.

## 2.0 INTRODUCTION

Saskatoon RHA makes significant use of IT systems. For example, it uses IT systems for lab results, medical imaging, patient registration, and billing. It also stores confidential patient data in its IT systems. Its IT systems and data reside on its network and computer equipment. Maintaining the security of Saskatoon RHA's IT infrastructure keeps its systems accurate and timely, and protects patient data from unauthorized access.

In our *2010 Report – Volume 2*, Chapter 11D, we assessed Saskatoon RHA's processes to protect its IT infrastructure and made six recommendations. By September 2014, Saskatoon RHA had implemented three recommendations and was working towards implementing the remaining three recommendations. This is our third follow-up on these three recommendations.[1]

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Saskatoon RHA's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Saskatoon RHA's management agreed with the criteria in the original audit.

To perform our follow-up on our recommendations, we interviewed Saskatoon RHA's staff, examined IT policies, reviewed reports about the implementation status of the IT policies, and analyzed information from its IT systems.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 31, 2017, and Saskatoon RHA's actions up to that date. We found that by March 31, 2017, Saskatoon RHA had implemented all three outstanding recommendations.

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[1] *2012 Report – Volume 2*, Chapter 49 and *2014 Report – Volume 2*, Chapter 54.

## 3.1 Monitoring of Security Adequate

We recommended that Saskatoon Regional Health Authority monitor the security of its information technology infrastructure. (2010 Report – Volume 2; Public Accounts Committee agreement January 19, 2011)

**Status** – Implemented

Saskatoon RHA has implemented processes to monitor security of its IT infrastructure. It uses various security software to monitor its IT systems and network. The software analyzes system and network logs and identifies possible security issues (e.g., security attacks, network breaches).

We found staff reviewed and acted upon reports of possible security issues. They also monitored compliance with IT policies. For example, staff performed periodic reviews of user accounts and disabled inactive accounts in compliance with policy.

## 3.2 Computer Equipment Configuration Kept Up-to-Date

We recommended that Saskatoon Regional Health Authority configure and update its computers and network equipment to protect them from security threats. (2010 Report – Volume 2; Public Accounts Committee agreement January 19, 2011)

**Status** – Implemented

We found Saskatoon RHA has improved the configuration of its IT systems and network equipment to protect them from external threats. It has processes in place to update (i.e., patch) its servers and network equipment (e.g., firewalls, routers) on a regular basis (e.g., semi-annually).

## 3.3 User Access Restricted

We recommended that Saskatoon Regional Health Authority adequately restrict access to information technology equipment, systems, and data. (2010 Report – Volume 2; Public Accounts Committee agreement January 19, 2011)

**Status** – Implemented

Saskatoon RHA has processes to grant and remove network user access to its staff. The RHA employs about 15,000 individuals.

For 30 users who left Saskatoon RHA's employ that we tested, all had their network access appropriately removed.

# Chapter 30
# SaskPower—Buying Goods and Services Valued Under $100,000

## 1.0 MAIN POINTS

By March 2017, SaskPower implemented the remaining two recommendations first made in our 2007 audit of its processes to buy goods and services valued at under $100,000.

SaskPower staff obtained the appropriate approval of purchases prior to finalizing purchase decisions. In addition, SaskPower tracked problems with key suppliers and made this information available to staff making purchasing decisions.

Effective acquisition of goods and services is crucial to SaskPower's operations as the principal supplier of electricity in Saskatchewan.

## 2.0 INTRODUCTION

In 2015-16, SaskPower purchased about $372 million of goods and services (excluding fuel and purchased power, salaries and benefits, and employee long-term benefits).[1] SaskPower makes a large number of low dollar value purchases (i.e., below $100,000) each year.

As set out in its procurement policy, SaskPower expects to buy goods and services in a way that achieves best value for SaskPower by being innovative, efficient, and flexible and results in the best possible balance of benefits to its stakeholders and customers.[2]

In our *2007 Report – Volume 3*, Chapter 23 audit of SaskPower's processes to buy goods and services valued at under $100,000, we made four recommendations. By March 2014,[3] we reported that SaskPower had implemented two of the four recommendations. This chapter reports the results of our follow up of the remaining two recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskPower's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskPower's management agreed with the criteria in the original audit.

To carry out this engagement, we discussed actions taken with management, and reviewed SaskPower's policies and procedures, reports, and other relevant documentation. We also tested a sample of purchases of goods and services valued at under $100,000.

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[1] SaskPower, *SaskPower 2015-16 Annual Report*, p. 112.
[2] SaskPower, *SaskPower Procurement Policy*.
[3] March 2014 was the time of our last follow-up as reported in our *2014 Report – Volume 1*, Chapter 29.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at March 31, 2017, and SaskPower's actions up to that date.

## 3.1 Appropriate Approval Obtained for Purchases

We recommended that SaskPower consistently follow its established processes that require its staff to obtain the appropriate approval of the purchase prior to finalizing the purchase decision. (2007 Report – Volume 3; Crown and Central Agencies Committee agreement March 12, 2014)

**Status** – Implemented

SaskPower consistently followed its established processes about obtaining approval of purchases.

Since 2014 (our last follow-up), SaskPower changed some of its purchasing procedures to help employees follow established policies more consistently. SaskPower regularly monitored non-compliance with its purchasing policies and procedures and reported potential non-compliance to senior management and its internal auditor.

For all of the purchases we tested, SaskPower staff obtained the appropriate approval of purchases prior to finalizing their purchase decisions.

## 3.2 Problems with Key Suppliers Tracked

We recommended that SaskPower track problems with key suppliers and make this information available for purchasing decisions. (2007 Report – Volume 3; Crown and Central Agencies Committee agreement March 12, 2014)

**Status** – Implemented

Since 2014, SaskPower has implemented a Supplier Performance Management process for evaluating and monitoring supplier performance. It focuses on its key suppliers.

SaskPower collected and evaluated key supplier performance information, provided feedback to suppliers, and took corrective action where required. SaskPower made supplier performance information accessible (i.e., on its network) to employees who make purchasing decisions.

# Chapter 31
# SaskPower—Gas and Electrical Installation Inspections

## 1.0 MAIN POINTS

By March 2017, SaskPower implemented one of the two remaining recommendations that we first made in our 2011 audit of SaskPower's processes for inspection of gas and electrical installations.

SaskPower requires managers to review rationale for uninspected high-risk installations. But because inspectors do not document their risk assessments, it cannot confirm it inspects all high-risk installations or that it has appropriate rationale where it decides not to inspect high-risk installations.

Improper installation of gas or electrical equipment is a safety risk to the Saskatchewan public. Inspections are key to checking whether equipment was installed properly.

## 2.0 INTRODUCTION

By law, contractors or homeowners installing electrical or gas equipment on commercial or residential property must purchase a permit from SaskPower before the work begins. SaskPower uses permits to authorize the installation. In 2015, SaskPower issued about 56,000 gas permits and 102,000 electrical permits (2014: 64,000 gas and 103,000 electrical permits).[1] In 2015, it inspected 89% of gas permits and 48% of electrical permits (2014: 68% of gas and 41% of electrical permits).

Under *The Power Corporation Act*, SaskPower is responsible for inspecting apparatus and equipment related to the use of electrical energy and natural or manufacture gas. SaskPower is also responsible for administering and enforcing *The Gas Inspections Act, 1993*, as well as *The Electrical Inspections Act, 1993* and related regulations.

Our *2011 Report – Volume 2*, Chapter 22 concluded that SaskPower's processes for inspections of gas and electrical installations were adequate with some exceptions. We made seven recommendations. As reported in our *2014 Report – Volume 1*, Chapter 28, by March 31, 2014, SaskPower had implemented five of the seven recommendations. This chapter follows up on the remaining two recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskPower's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskPower's management agreed with the criteria in the original audit.

To perform our follow-up on these recommendations, we discussed actions taken with staff and management, reviewed relevant documentation, and tested SaskPower's compliance with its processes.

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[1] This is the most current data available.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Crown and Central Agencies agreed to the recommendation, the status of the recommendation at March 15, 2017, and SaskPower's actions up to that date.

### 3.1 Documentation and Review of Decisions Required

We recommended that SaskPower require management to review inspectors' rationale for not inspecting gas and electrical permits for high-risk installations. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

**Status** – Partially Implemented

Because inspectors do not document their risk assessment of gas and electrical installation permits, SaskPower cannot confirm that it has inspected all high-risk installations or that it has documented rationale to justify not inspecting high-risk installations. At mid-March 2017, management relied on inspectors to notify them of any high-risk installations that they choose to authorize for operation without inspecting.

For a sample of gas and electrical permits we tested, 10% of the permits for high-risk installations did not include inspectors' documentation of the reasons for not inspecting the installation. Therefore, management was unable to review inspectors' rationale.

Since our last follow up in 2014, SaskPower has been developing a new IT system that is expected to automatically assign a risk score to each permit. It uses a formula to calculate the risk score. The formula captures the key risk factors for each area (gas and electrical).

SaskPower expects the new system to help management identify all high-risk installations that have not been inspected. SaskPower expects the new system to come into operation in mid-2017.

### 3.2 Reporting Provided to the Board

We recommended that SaskPower periodically give its Board of Directors summary trend information on its gas and electrical inspection activities and common or emerging trends or risks in gas and electrical installations. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

**Status** – Implemented

Beginning in 2014, SaskPower gave its Board a Gas and Electric Inspections Annual Report. Our review of the annual reports for each of last three years found they included sufficient information on SaskPower's inspection program. The reports include trends, risks, and comparative information on gas and electrical inspection activities.

# Chapter 32

# Social Services—Placing Minister's Wards in Permanent Homes

## 1.0 MAIN POINTS

This chapter describes our second follow-up of the actions of the Ministry of Social Services (Ministry) on three recommendations we initially made in our 2013 audit of the Ministry's processes to place Minister's wards in permanent homes.

The Ministry is responsible for planning the long-term development of permanent and long-term wards[1] under *The Child and Family Services Act*. This responsibility includes placing Minister's wards in permanent homes which provide a safe and nurturing environment. At December 31, 2016, the Ministry had 458 permanent wards in its care (December 2012: 593). The average age of these children was ten years (December 2012: nine years).

By February 28, 2017, the Ministry had made progress on the three outstanding recommendations, however further work is needed. It needs to follow its established policy to place children on the adoption list within 120 days. In addition, to know how well its adoption program works, the Ministry needs to develop targets for its adoption program. It also needs to collect and analyze information related to the outcomes of its services to permanent and long-term wards in its care.

## 2.0 INTRODUCTION

In our *2013 Report – Volume 1*, Chapter 14, we reported on the Ministry's processes to place the Minister's wards in permanent homes. We made seven recommendations to help the Ministry strengthen its processes. In 2015,[2] we followed up on the status of the seven recommendations and found that, by March 31, 2015, the Ministry had fully addressed four of them.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

To perform our follow-up on our recommendations, we discussed actions taken with management, reviewed relevant documentation (e.g., work plans, file evaluation forms), and examined case files.

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[1] Permanent wards are children that have been, through a court order, permanently placed in the care of the Minister. Permanent wards generally have a limited continuing relationship with their birth parents. Long-term wards are children that are unlikely to be adopted, by reason of the age of the child or other circumstances. In such cases, courts may order that child be placed in the custody of the Minister until the child reaches the age of 18 years.

[2] The follow-up was included in our *2015 Report – Volume 1*, Chapter 31.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 28, 2017, and the Ministry's actions up to that date. We found that the Ministry is making progress towards implementing the remaining three recommendations.

### 3.1 Placement of Children on Adoption List More Timely but Targets Still Needed

We recommended that the Ministry of Social Services follow its established policy to place those children whose permanency plans includes adoption on the adoption list within 120 days. (2013 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Partially Implemented

The Ministry has a policy that requires a caseworker to decide, within 120 days of a child becoming a permanent ward, whether to place the child on the adoption list or in long-term foster care.[3]

The Ministry was placing children on the adoption list and documenting the reasons for any delays more timely than previously.

From October 1, 2015 to September 30, 2016, the Ministry placed 50% of the children who became permanent wards on the adoption list within 120 days (January 2013 to September 2014: 15%). For those children not placed on the adoption list within 120 days, the Ministry took, on average, approximately 225 days to register children on the adoption list (i.e., approximately 105 days after the 120-day deadline).

For the children's case files we sampled, 80% (0% at March 2015) of the files documented reasons for delays in registering children for adoption. For example, in one case, the delay was due to the time to prepare and approve a foster family that was going to adopt a child.

Placing children on the adoption list as early as possible increases their chance of being adopted as children are less likely to be adopted as they grow older.

We recommended that the Ministry of Social Services develop performance measures and targets relating to the adoption program for its permanent wards. (2013 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Partially Implemented

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[3] Long-term foster care is where a child is placed in the custody of the Minister until the child reaches the age of 18 years.

In 2014, the Ministry began to gather information on its adoption program from its annual quality assurance reviews. Its quality assurance reviews measure whether permanent wards are registered for adoption, the timeliness of such registrations, and if there is documentation outlining the rationale for not registering a child for adoption.

The Ministry indicated that it plans to use the information collected from 2014 to 2016 to track barriers to timely registrations and to establish targets for its adoption program. It expects to develop an action plan to address the barriers in 2017, along with targets.

Setting targets related to the adoption of permanent wards will allow the Ministry to evaluate the effectiveness of its adoption program.

## 3.2 Collection and Analysis of Outcome Information Underway

We recommended that the Ministry of Social Services collect and analyze information related to the outcomes of its services to long-term wards and permanent wards in its care. (2013 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Partially Implemented

The Ministry uses Minister's Orders to send the list of children in its care (long-term and permanent wards) to the Ministry of Education. The Ministry of Education confirms the children are enrolled in school, and provides the Ministry with information that all parents receive (e.g., report cards, attendance reports). This information allows the Ministry to assess whether children in its care are enrolled in age-appropriate school grades.

In November 2015, the Ministry joined the Research and Evidence Based Excellence Unit. This is a joint unit with the Ministry of Justice that conducts research. For example, in August 2016, the Unit started to evaluate current case-planning activities against desired outcomes of reduced recurrent maltreatment. Specific outcomes of this research project are:

- Reduced reoccurrence of neglect/abuse during and after family services agreements
- Increased percentage of successful family reintegration plans as measured by a decrease in reoccurrence of neglect/abuse
- Increased efficiency of workflow

The Ministry is also in the process of developing data sharing agreements with the Ministry of Justice.

In May 2016, the Ministry began an initiative to improve the outcomes for children and youth in group care (i.e., residential treatment group homes). The Ministry is currently collecting baseline data for this initiative.

Collecting and analyzing this information will allow the Ministry to determine whether the services it is providing for children in its care are meeting their best interests.

# Chapter 33

# Social Services—Supervision of Community-Based Organizations

## 1.0 MAIN POINTS

The Ministry of Social Services provides programs and services for people with intellectual disabilities, works with them, and helps them access a variety of community-based services. The Ministry uses 105 community-based organizations (CBOs) to deliver residential programs to about 1,500 people and day programs to about 2,500 people with intellectual disabilities. *The Residential Services Act* and *The Rehabilitation Act* give the Ministry the authority to enter into agreements with those CBOs.

This chapter describes our second follow-up of the actions of the Ministry on the five remaining recommendations we initially made in our 2012 audit of the Ministry's processes to plan for, contract with, and monitor CBOs providing services to intellectually disabled people and their families.

By March 15, 2017, the Ministry had improved its processes to monitor CBOs serving intellectually disabled people and their families but further improvements are needed.

The Ministry followed its established procedures to obtain required CBO reports and analyzed serious incidents but it did not consistently follow the monitoring procedures as outlined in the agreements with CBOs. The Ministry continued to work on establishing outcome performance measures and targets to better monitor and evaluate the services CBOs deliver. The Ministry was reviewing its risk assessment processes and working to update the relevant policies.

## 2.0 INTRODUCTION

Our *2012 Report – Volume 1*, Chapter 22 reports the results of our audit of the Ministry's processes to plan for, contract with, and monitor CBOs providing services to intellectually disabled people and their families. We made eight recommendations to help the Ministry strengthen its processes. By September 2014, as reported in our *2014 Report – Volume 2*, Chapter 55, the Ministry had implemented three of the eight recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

To perform our follow-up on our recommendations, we discussed actions taken with management, reviewed relevant documentation (e.g., policy and procedures manuals, serious incident reports), and tested a sample of CBO agreements.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at March 15, 2017, and the Ministry's actions up to that date. We found that the Ministry implemented two recommendations and is making progress towards implementing the other three recommendations.

## 3.1 Work to Include Outcome Performance Measures Underway

We recommended that the Ministry of Social Services work with community-based organizations (CBOs) to establish program objectives, and outcome performance measures and targets to be used to monitor and evaluate the services CBOs deliver to intellectually disabled people and their families. (2012 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Partially Implemented

At mid-March 2017, the Ministry had not yet established overall outcome-based measures and targets for service delivery at each CBO. Its agreements with CBOs continue to set out core outcomes and indicators for meeting the needs of each individual residing in group homes or utilizing day programs.

In April 2015, a task team consisting of representatives from the Ministry, the CBO sector, and the Saskatchewan Association for Rehabilitation Centres[1] began working on a CBO sustainability project. As part of this project, the task team is looking at outcome-based service delivery based on the assessed needs of clients. The Ministry expects the task team to finalize an outcomes framework in 2016-17 and pilot it with six CBOs in 2017-18.

Including outcome performance measures and targets in the agreements with CBOs would allow the Ministry to better evaluate CBO performance and assess if the services delivered achieved the results the Ministry had intended.

## 3.2 Policies and Procedures Being Reviewed

We recommended that the Ministry of Social Services develop and implement policies and procedures for addressing risks identified in community-based organizations that provide services to individuals with intellectual disabilities. (2012 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Partially Implemented

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[1] The Saskatchewan Association for Rehabilitation Centres (SARC) is an association of 90 CBOs that provide services in the areas of residential supports, employment supports, and recreational/volunteer activities for people experiencing disability. SARC assists the CBOs by providing training, services, consulting, and leadership.

The Ministry has not updated its *Policy Manual for CBO Accountability* (manual) since 2011. In addition, it has not developed several key policies (e.g., assessing preliminary risk, risk management) relating to CBO risk assessments.

During 2016-17, the Ministry began reviewing its risk assessment process. This included reviewing its policies and procedures for monitoring high-risk CBOs. For example, the Ministry is revisiting its policy for CBO reporting requirements based on assessed risk of the CBOs. The Ministry expects to complete this review and update its manual in the fall of 2017.

Without complete policies, it is difficult for the Ministry to communicate expectations to its staff and hold them accountable. The lack of formal policies could also lead to staff completing inconsistent CBO risk assessments.

## 3.3 Established Policies Followed

We recommended that the Ministry of Social Services require its staff to follow established policies to obtain all required reports that are not submitted by the due date from community-based organizations that provide services to individuals with intellectual disabilities on the Ministry's behalf. (2012 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Implemented

For the sample of CBO files we examined, only a few reports (i.e., 3 out of 50) were not submitted on time. We found that staff followed the Ministry's established policies to obtain all the required CBO reports that were past due.

## 3.4 Monitoring Procedures Not Consistently Followed

We recommended that the Ministry of Social Services follow their established monitoring procedures as outlined in their agreements with community-based organizations that provide services to individuals with intellectual disabilities. (2012 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Partially Implemented

Staff are not consistently completing reviews of CBOs within expected intervals.

The agreements with CBOs require Ministry staff to do the following review steps at least once every two years: review CBOs' policies and procedures, verify compliance with those policies and procedures, and develop action plans to address non-compliance.

The Ministry formally tracks when it last reviewed each CBO. Based on its tracking, we determined that staff had not done the review steps for 29% of the CBOs within the last two years. We also found that the Ministry has not conducted the review at four CBOs for over ten years.

Management indicated it plans to have all the outstanding reviews completed within the next two years.

Lack of timely monitoring increases the risk that CBOs may not achieve the Ministry's objectives.

## 3.5 Serious Incidents Analyzed

We recommended that the Ministry of Social Services analyze and document its review of serious incidents and incident trends at community-based organizations that provide services to individuals with intellectual disabilities and determine how to address the increasing trend in incidents. (2012 Report – Volume 1; Public Accounts Committee agreement June 17, 2014)

**Status** – Implemented

On a quarterly and yearly basis, staff prepare and give management a report on serious incidents at CBOs. The reports track the serious incidents by type, region, sector, and agency to monitor any developing trends. The quarterly reports contain trends from one quarter to the next and year-over-year. The annual reports also contain five-year trends.

In addition, information in these reports helps the Ministry identify CBOs experiencing high levels of serious incidents. For example, the Ministry noticed a high number of serious incidents at one CBO. The Ministry worked with that CBO; it provided additional training and supports to help the CBO reduce the number of serious incidents. The number of serious incidents at this CBO decreased by 62% from 2014-15 to 2015-16.

# Chapter 34
# University of Regina—Protecting Interests in Research

## 1.0 MAIN POINTS

The University of Regina has improved processes to protect its interests (e.g., financial, reputational, ownership) as it fosters research and commercialization of research. By early March 2017, the University had implemented ten of thirteen outstanding recommendations.

The University is actively working on the remaining three outstanding recommendations. These outstanding recommendations include defining specialized resources, consistently using and applying the definition of specialized resources, and completing a review of operations and classification of research institutes.

Fostering and commercialization of research is one of the core functions of the University. Research plays a pivotal role in the University's ability to carry out its other core function of education. A strong research program helps attract qualified professors, which in turn attracts students.

## 2.0 INTRODUCTION

This chapter describes our follow-up of management's actions on thirteen outstanding recommendations that we first made in our *2013 Report – Volume 1*, Chapter 15. In 2013, we concluded that while the University had many structures and processes in place for protecting its interests (e.g., financial, reputational, ownership) as it fostered research and commercialization of research, these structures and processes could be improved.

By March 2015, as reported in our first follow-up,[1] the University had implemented half of our recommendations. We originally made 26 recommendations.

To conduct this review engagement, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the University's progress towards meeting our recommendations, we used the relevant criteria from the original audit. We reviewed and assessed the information provided, discussed actions with key individuals, and tested certain processes where necessary. The University's management agreed with the criteria in the original audit.

## 3.0 STATUS OF RECOMMENDATIONS

We found that the University had implemented ten recommendations, and was actively working on the remaining three recommendations. This section sets out:

- Each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation

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[1] Provincial Auditor Saskatchewan, *2015 Report – Volume 1*, (2015), Chapter 32.

- The status of the recommendation at March 2, 2017
- The University's actions up to that date

## 3.1 Clarified Research Direction

We recommended that the University of Regina prepare action plans for review of the Board of Governors to support the University's strategic research direction. (2013 Report – Volume 1 (p. 186); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The Board of Governors (Board) approved its guidelines for reporting research in May 2015. The guidelines require reporting on the status of action plans used to achieve the University's Strategic Research Plan.

We found that the Board received research reports at every meeting between May 2015 and December 2016. For the four research reports tested, the reports contained information about the status of action plans used to achieve the Strategic Research Plan.

In addition, the University completed an action plan to support its strategic research direction for providing services to researchers, and presented this to the Board for information in July 2016.

The University updated its strategic research direction in its Strategic Research Plan 2016-2021 (Research Plan), which the Board received in December 2016. As of March 2, 2017, the University had not completed action plans for all initiatives supporting the University's strategic research direction. The Board plans to continue receiving reports on the status of action plans at each meeting, consistent with its guidelines for reporting research.

We recommended that the University of Regina prepare more detailed performance measures and targets for approval by the Board of Governors to support measurement of progress towards the University's research goals. (2013 Report – Volume 1 (p. 186); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

As part of the adoption of the University's new 2015-2020 Strategic Plan, the University developed new guidelines for evaluating success, including targets. The Board approved the guidelines in May 2015.

The new guidelines include measures to assess performance in several areas of University operations and define how to quantify each measure. Four of the measures relate to the impact of the University's research.

The Board approved the University's 2016-17 performance measurement targets in September 2016.

We recommended that the University of Regina reassess its risks related to research and develop further mitigation strategies. (2013 Report – Volume 1 (p. 186); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The University developed a research-specific risk assessment and management plan. This plan includes identification of the top-10 research risks facing the University (e.g., financial mismanagement, stakeholder relations). It also developed steps to reduce each risk.

## 3.2 Updated Research Policies

We recommended that the University of Regina regularly review and update its research policies, educate staff about the policies, and have senior staff sign off on an annual basis that they have read and understand the policies. (2013 Report – Volume 1 (p. 187); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The University followed its governance policy and updated most of its research policies (e.g., Research Institutes and Centres Policy). The governance policy requires an update to all University policies at least every five years.

It is actively working to update the one policy related to research that has not been updated within the last five years (i.e., Intellectual Property Policy).

The University educates new staff on research policies during orientation. It makes the policies readily accessible on the University's website.[2]

Senior research staff must sign-off annually that they have read and understand research policies. The University tracks completion of the sign-offs.

For 10 senior research staff we tested, each had signed off that they read and understand the University's research policies.

We recommended that the University of Regina ensure that intellectual property disclosures are completed in accordance with policy and communicate this requirement to staff. (2013 Report – Volume 1 (p. 187); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

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[2] www.uregina.ca/research/policies-forms-top/index.html (15 March 2017).

To ensure intellectual property disclosures comply with University policy, the University developed a disclosure of intellectual property form for researchers making disclosures to complete. It makes the form and the Intellectual Property Policy available on the University's website.[3]

The University educates staff about intellectual property disclosures in workshops. The University also informs researchers interested in making an intellectual property disclosure of the process.

We recommended that the Board of Governors of the University of Regina update its Policy on University of Regina Centres/Institutes to define the creation, classification, monitoring, and reporting requirements for institutes/centres. (2013 Report – Volume 1 (p. 190); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The Board approved the University's Research Institutes and Centres Policy in July 2015. The policy includes the requirements for the creation, classification, monitoring, and reporting of research institutes and centres.

## 3.3 Defined and Approved Specialized Resources, Except for One Instance

We recommended that the University of Regina define and the Board of Governors approve what constitutes specialized resources for the purposes of the University's Intellectual Property Policy in order to protect the University's rights to intellectual property. (2013 Report – Volume 1 (p. 188); Public Accounts Committee agreement December 9, 2014)

**Status** – Partially Implemented

We recommended that once the University of Regina defines and the Board of Governors approves what constitutes specialized resources, the University ensure that the definition is consistently used and applied. (2013 Report – Volume 1 (p. 188); Public Accounts Committee agreement December 9, 2014)

**Status** – Partially Implemented

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[3] Ibid.

As of March 2, 2017, one University academic unit did not have a definition of specialized resources.[4] The University makes the definitions of specialized resources for the other academic units available on its website.[5] At March 2017, the University had 15 academic units.

In December 2015, the University informed its Board about the specialized resources definitions for most academic units. As of March 2, 2017, the University has not updated its Board about the academic unit without an approved definition.

The University's process for intellectual property disclosures includes identifying whether the development of intellectual property used specialized resources. As of March 2, 2017, no University researchers had completed an intellectual property disclosure since the approval of the definitions.

As described in **Section 3.2**, we found that the University educates staff about its research policies and senior research staff signed-off annually that they had read and understand research policies.

Since the University has not defined specialized resources for all academic units, it cannot ensure the consistent use and application of the definitions in the development of intellectual property.

## 3.4 Took Prompt Action on Board Decisions

We recommended that the University of Regina take prompt action on Board of Governors' decisions regarding institutes/centres. (2013 Report – Volume 1 (p. 190); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The University has improved the timeliness of actions in response to Board decisions about institutes or centres.

Since our last follow-up in March 2015, the University Board made four decisions for establishing or reclassifying research institutes. The University took prompt action for each of these four decisions.

Also, since our last follow-up, the University has taken action on the Board's December 2011 decision to transition the Clean Energy Technologies Research Institute (CETRi) into a University-based institute. As of March 2, 2017, even though CETRi was not fully established, it was reporting as a University-based institute. The University has also hired an external consultant to evaluate the Energy Systems and Security Hub, of which CETRi is a key stakeholder.

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[4] The dean of each academic unit is responsible for approving the definition of specialized resources per the University's collective bargaining agreement with academic staff.

[5] www.uregina.ca/research/policies-forms-top/university-specialized-resources.html (15 March 2017).

## 3.5 Institute Reviews Not Complete

We recommended that the University of Regina review the classification and operations of all of its research institutes, assess their contribution to the University's strategic research goals, and take any necessary actions identified by the reviews. (2013 Report – Volume 1 (p. 193); Public Accounts Committee agreement December 9, 2014)

**Status** – Partially Implemented

As of March 2, 2017, the University had not assessed the research institutes' contributions to the University's strategic research goals. The University plans to assess the research institutes' contributions as part of its future review of research institutes.

Since our last follow-up in March 2015, the University has developed processes to facilitate this assessment.

In February 2017, the University developed a schedule and guidelines for reviewing research institutes. As described in **Section 3.4**, the University engaged an external consultant to review CETRi. The University has a process to assess the appropriate classification of new institutes and reassess institutes when senior research staff identify the need to update their classification.

The University evaluated all research institutes to determine how they fit into the research clusters identified in the University's Research Plan.

## 3.6 Followed Processes for Conflicts of Interest

We recommended that the University of Regina ensure that all staff follow its policy requiring declaration, at least annually, of any conflicts of interest or conflicts of external commitment. (2013 Report – Volume 1 (p. 192); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

We recommended that the University of Regina take action when it identifies conflicts of interest or conflicts of external commitment. (2013 Report – Volume 1 (p. 193); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The University's Conflict of Interest and Conflict of Commitment Policy requires staff to report annually any conflicts to their supervisors, who are responsible for reducing the conflict. The University tracks conflict of interest and conflict of commitment declarations received. University tracking indicates over 95% of University staff returned the declarations.

For all University staff we tested, the University had received the staff declarations. As well, for those staff in our testing who declared conflicts, the University had taken action to reduce the conflict.

We recommended that the University of Regina regularly evaluate external directorships held by staff. (2013 Report – Volume 1 (p. 193); Public Accounts Committee agreement December 9, 2014)

**Status** – Implemented

The University tracks external directorships held by the University Leadership Team.[6]

For all staff we tested, the information provided on their conflict of interest and conflict of commitment declarations was consistent with the University's tracking of external directorships.

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[6] The University Leadership Team consists of the President, Vice Presidents, Associate Vice Presidents, Executive Directors, Deans, and certain Directors.

# Appendix 1

## Agencies Subject to Examination under *The Provincial Auditor Act* and Status of Audits

The Office's goal is to give the Legislative Assembly timely reports on the results of its examinations. It does not delay its reports to accommodate incomplete audits, but rather includes their results in a future report. It aims to report the results of its annual integrated audits of agencies with December fiscal year-ends in the spring (i.e., Report – Volume 1) and agencies with March fiscal year-ends in the fall (i.e., Report – Volume 2). Also, it reports the results of its follow-ups and performance audits in the report following their completion.

The table below lists the agencies subject to examination under *The Provincial Auditor Act* at December 31, 2016 along with their fiscal year-end. Agencies subject to our examination include ministries, Crown agencies, Crown-controlled corporations, special purpose and trust funds, other agencies that administer public money, and offices of the Legislative Assembly.

For each of these agencies, the table sets out the status of our annual integrated audits at April 26, 2017. It also indicates whether we are or have reported matters for the Assembly's attention within the last twelve months, and if so, it identifies the relevant Report.

| Agency | Fiscal Year-End[A] | Status at April 26, 2017[B] | Matters Reported / Related Report(s)[C] |
|---|---|---|---|
| **Government of Saskatchewan – Summary Financial Statements** | March 31 | Complete | No |
| **Ministries and Secretariats:** | | | |
| Ministry of Advanced Education | March 31 | Complete | Yes/2016 Rpt V2 |
| Ministry of Agriculture | March 31 | Complete | Yes/2016 Rpt V2 |
| Ministry of Central Services | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |
| Ministry of the Economy | March 31 | Complete | Yes/ 2016 Rpt V2 & 2017 Rpt V1 |
| Ministry of Education | March 31 | Complete | Yes/2017 Rpt V1 |
| Ministry of Environment | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |
| Ministry of Finance | March 31 | Complete | Yes/2016 Rpt V2 & 2017 V1 |
| Ministry of Government Relations | March 31 | Complete | Yes/2016 Rpt V2 |
| Ministry of Health | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |
| Ministry of Highways and Infrastructure | March 31 | Complete | Yes/Jun 2016 Rpt, 2016 Rpt V2, & 2017 Rpt V1 |
| Ministry of Justice | March 31 | Complete | Yes/2016 Rpt V2 |
| Ministry of Labour Relations and Workplace Safety | March 31 | Complete | No |
| Ministry of Parks, Culture and Sport | March 31 | Complete | Yes/2016 Rpt V2 |
| Ministry of Social Services | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |
| Executive Council | March 31 | Complete | No |
| Public Service Commission | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| **Crown Agencies:** | | | |
| Agricultural Credit Corporation of Saskatchewan | March 31 | Complete | No |
| Agricultural Implements Board | March 31 | Complete | No |
| Carlton Trail College | June 30 | Complete | No |
| Chinook School Division No. 211 | August 31 | Complete | No |
| Christ the Teacher Roman Catholic Separate School Division No. 212 | August 31 | Complete | No |
| Community Initiatives Fund | March 31 | Complete | No |
| Conseil des Ecoles Fransaskoises School Division No. 310 | August 31 | Complete | Yes/2016 Rpt V2 |
| Creative Saskatchewan | March 31 | Complete | No |
| Creighton School Division No. 111 | August 31 | Complete | No |
| Cumberland College | June 30 | Complete | No |
| Cypress Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 |
| eHealth Saskatchewan | March 31 | Complete | Yes/2016 Rpt V2 |
| Englefeld Protestant Separate School Division No. 132 | August 31 | Complete | No |
| Five Hills Regional Health Authority | March 31 | Complete | No |
| Global Transportation Hub Authority, The | March 31 | Complete | Yes/Jun 2016 Rpt |
| Good Spirit School Division No. 204 | August 31 | Complete | No |
| Government House Foundation, The | March 31 | Complete | No |
| Great Plains College | June 30 | Complete | No |
| Health Quality Council | March 31 | Complete | Yes/2016 Rpt V2 |
| Heartland Regional Health Authority | March 31 | Complete | No |
| Health Shared Services Saskatchewan (3sHealth) | March 31 | Complete | No |
| Holy Family Roman Catholic Separate School Division No. 140 | August 31 | Complete | Yes/2017 Rpt V1 |
| Holy Trinity Roman Catholic Separate School Division No. 22 | August 31 | Complete | No |
| Horizon School Division No. 205 | August 31 | Complete | No |
| Ile-a-la Crosse School Division No. 112 | August 31 | Complete | No |
| Innovation Saskatchewan | March 31 | Complete | No |
| Keewatin Yatthé Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 |
| Kelsey Trail Regional Health Authority | March 31 | Complete | No |
| Law Reform Commission of Saskatchewan | March 31 | Complete | No |
| Light of Christ Roman Catholic Separate School Division No. 16 | August 31 | Complete | No |
| Liquor and Gaming Authority | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |
| Living Sky School Division No. 202 | August 31 | Complete | Yes/2017 Rpt V1 |
| Lloydminster Roman Catholic Separate School Division No. 89 | August 31 | Complete | No |
| Lloydminster Public School Division No. 99 | August 31 | Complete | No |
| Mamawetan Churchill River Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 & 2017 Rpt V1 |
| Métis Development Fund | December 31 | Complete | No |
| Municipal Financing Corporation of Saskatchewan | December 31 | Complete | No |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| Municipal Potash Tax Sharing Administration Board | December 31 | Complete | No |
| North East School Division No. 200 | August 31 | Complete | No |
| North West College | June 30 | Complete | No |
| Northwest School Division No. 203 | August 31 | Complete | No |
| Northern Lights School Division No. 113 | August 31 | Complete | Yes/2017 Rpt V1 |
| Northlands College | June 30 | Complete | No |
| Operator Certification Board | March 31 | Complete | No |
| Owners, The: Condominium Corporation No. 101100609 | March 31 | Complete | No |
| Parkland College | June 30 | Complete | No |
| Physician Recruitment Agency of Saskatchewan | March 31 | Complete | No |
| Prairie Agricultural Machinery Institute | March 31 | Complete | No |
| Prairie North Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 |
| Prairie South School Division No. 210 | August 31 | Complete | No |
| Prairie Spirit School Division No. 206 | August 31 | Complete | No |
| Prairie Valley School Division No. 208 | August 31 | Complete | No |
| Prince Albert Parkland Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 |
| Prince Albert Roman Catholic Separate School Division No. 6 | August 31 | Complete | No |
| Provincial Archives of Saskatchewan (formerly Saskatchewan Archives Board) | March 31 | Complete | No |
| Regina Qu'Appelle Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 & 2017 V1 |
| Regina Roman Catholic Separate School Division No. 81 | August 31 | Complete | Yes/2016 Rpt V2 |
| Regina School Division No. 4 | August 31 | Complete | No |
| Saskatchewan Apprenticeship and Trade Certification Commission | June 30 | Complete | No |
| Saskatchewan Arts Board, The | March 31 | Complete | No |
| Saskatchewan Association of Health Organizations Inc. | March 31 | Complete | No |
| Saskatchewan Cancer Agency | March 31 | Complete | No |
| Saskatchewan Centre of the Arts | March 31 | Complete | No |
| Saskatchewan Crop Insurance Corporation | March 31 | Complete | No |
| Saskatchewan Grain Car Corporation | July 31 | Complete | No |
| Saskatchewan Health Research Foundation | March 31 | Complete | No |
| Saskatchewan Heritage Foundation | March 31 | Complete | No |
| Saskatchewan Housing Corporation | December 31 | Complete | No |
| Saskatchewan Impaired Driver Treatment Centre Board of Governors | March 31 | Complete | No |
| Saskatchewan Indian Gaming Authority Inc. | March 31 | Complete | Yes/2016 Rpt V2 |
| Saskatchewan Polytechnic | June 30 | Complete | No |
| Saskatchewan Legal Aid Commission | March 31 | Complete | No |
| Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation | March 31 | Complete | No |
| Saskatchewan Research Council | March 31 | Complete | No |
| Saskatchewan Rivers School Division No. 119 | August 31 | Complete | Yes/2016 Rpt V2 |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| Saskatoon Regional Health Authority | March 31 | Complete | Yes/2017 Rpt V1 |
| Saskatoon School Division No. 13 | August 31 | Complete | Yes/2016 Rpt V2 |
| SaskBuilds Corporation | March 31 | Complete | No |
| SLGA Retail Inc. | March 31 | Note 4 | |
| South East Cornerstone School Division No. 209 | August 31 | Complete | Yes/2016 Rpt V2 |
| Southeast College | June 30 | Complete | No |
| St. Paul's Roman Catholic Separate School Division No. 20 | August 31 | Complete | No |
| Sun Country Regional Health Authority | March 31 | Complete | No |
| Sun West School Division No. 207 | August 31 | Complete | Yes/2017 Rpt V1 |
| Sunrise Regional Health Authority | March 31 | Complete | Yes/2016 Rpt V2 |
| TecMark International Commercialization Inc. | March 31 | Note 1 | |
| Tourism Saskatchewan | March 31 | Complete | No |
| Water Appeal Board | March 31 | Complete | No |
| Water Security Agency | March 31 | Complete | Yes/2016 Rpt V2 |
| Western Development Museum | March 31 | Complete | Yes/2016 Rpt V2 |
| Workers' Compensation Board | December 31 | Complete | Yes/2016 Rpt V2 |
| **CIC Crown Corporations and related agencies:** | | | |
| 101069101 Saskatchewan Ltd. | March 31 | Note 1 | |
| Avonlea Holding, Inc. | March 31 | Note 1 | |
| Battleford International, Inc. | March 31 | Note 1 | |
| Bayhurst Energy Services Corporation | March 31 | Note 1 | |
| Bayhurst Gas Limited | March 31 | Note 1 | |
| BG Storage Inc. | March 31 | Note 1 | |
| Bruno Holdings Inc. | March 31 | Note 1 | |
| CIC Asset Management Inc. | March 31 | Complete | No |
| CIC Economic Holdco Ltd. | March 31 | Note 1 | |
| CIC FTLP Holdings Inc. | March 31 | Note 1 | |
| CIC FTMI Holdings Inc. | March 31 | Note 1 | |
| CIC Pulp Ltd. | March 31 | Note 1 | |
| Coachman Insurance Company | December 31 | Complete | No |
| Crown Investments Corporation of Saskatchewan | March 31 | Complete | No |
| DirectWest Canada Inc. | March 31 | Note 1 | |
| DirectWest Corporation | March 31 | Complete | No |
| First Nations and Métis Fund Inc. | March 31 | Complete | No |
| Gradworks Inc. | March 31 | Complete | No |
| Investment Saskatchewan Swine Inc. | March 31 | Note 1, 7 | |
| Manalta Investment Company Ltd. | March 31 | Note 1 | |
| Many Islands Pipe Lines (Canada) Limited | March 31 | Note 1 | |
| Nokomis Holding, Inc. | March 31 | Note 1 | |
| Northpoint Energy Solutions Inc. | March 31 | Complete | No |
| Qu'Appelle Holding, Inc. | March 31 | Note 1 | |
| Saskatchewan Auto Fund | March 31 | Complete | No |
| Saskatchewan First Call Corporation | March 31 | Note 1 | |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| Saskatchewan Gaming Corporation | March 31 | Complete | No |
| Saskatchewan Government Insurance | March 31 | Complete | Yes/2017 Rpt V1 |
| Saskatchewan Immigrant Investor Fund Inc. | March 31 | Complete | No |
| Saskatchewan Opportunities Corporation | March 31 | Complete | Yes/2017 Rpt V1 |
| Saskatchewan Power Corporation | March 31 | Complete | Yes/2017 Rpt V1 |
| Saskatchewan Telecommunications | March 31 | Complete | Yes/2017 Rpt V1 |
| Saskatchewan Telecommunications Holding Corporation | March 31 | Complete | No |
| Saskatchewan Telecommunications International, Inc. | March 31 | Complete | No |
| Saskatchewan Telecommunications International (Tanzania) Ltd. | March 31 | Note 1 | |
| Saskatchewan Transportation Company | March 31 | Complete | No |
| Saskatchewan Water Corporation | March 31 | Complete | Yes/2017 Rpt V1 |
| SaskEnergy Incorporated | March 31 | Complete | No |
| SaskPower International Inc. | March 31 | Note 1 | |
| SaskTel International Consulting, Inc. | March 31 | Note 1 | |
| SaskTel Investments Inc. | March 31 | Note 1 | |
| SecurTek Monitoring Solutions Inc. | March 31 | Complete | No |
| SGC Holdings Inc. | March 31 | Complete | No |
| SGI CANADA Insurance Services Ltd. | December 31 | Complete | No |
| Shellbrook Holding, Inc. | March 31 | Note 1 | |
| TransGas Limited | March 31 | Note 1 | |
| **Special purpose and trust funds including pension and benefit plans:** | | | |
| Capital Pension Plan | December 31 | Complete | No |
| Commercial Revolving Fund | March 31 | Complete | No |
| Correctional Facilities Industries Revolving Fund | March 31 | Complete | No |
| Criminal Property Forfeiture Fund | March 31 | Complete | No |
| Crop Reinsurance Fund of Saskatchewan | March 31 | Complete | No |
| Doukhobors of Canada C.C.U.B. Trust Fund | May 31 | Complete | No |
| Education Scholarship Fund (formerly Prince of Wales Scholarship Fund) | March 31 | Complete | No |
| Extended Health Care Plan | December 31 | Complete | No |
| Extended Health Care Plan for Certain Other Employees | December 31 | Complete | No |
| Extended Health Care Plan for Certain Other Retired Employees | December 31 | Complete | No |
| Extended Health Care Plan for Retired Employees | December 31 | Complete | No |
| Financial and Consumer Affairs Authority of Saskatchewan | March 31 | Complete | No |
| Fish and Wildlife Development Fund | March 31 | Complete | No |
| General Revenue Fund | March 31 | Note 2 | |
| Health Shared Services Saskatchewan Core Dental Plan | December 31 | Delayed | |
| Health Shared Services Saskatchewan Disability Income Plan – CUPE | December 31 | Delayed | |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| Health Shared Services Saskatchewan Disability Income Plan – SEIU | December 31 | Delayed | |
| Health Shared Services Saskatchewan Disability Income Plan – General | December 31 | Delayed | |
| Health Shared Services Saskatchewan Disability Income Plan – SUN | December 31 | Delayed | |
| Health Shared Services Saskatchewan Group Life Insurance Plan | December 31 | Delayed | |
| Health Shared Services Saskatchewan In-scope Extended Health/Enhanced Dental Plan | December 31 | Delayed | |
| Health Shared Services Saskatchewan Out-of-scope Extended Health/ Enhanced Dental Plan | December 31 | Delayed | |
| Health Shared Services Saskatchewan Out-of-scope Flexible Health/ Spending Plan | December 31 | Delayed | |
| Horned Cattle Fund | March 31 | Complete | No |
| Institutional Control Monitoring and Maintenance Fund | March 31 | Complete | No |
| Institutional Control Unforeseen Events Fund | March 31 | Complete | No |
| Judges of the Provincial Court Superannuation Plan | March 31 | Complete | No |
| Liquor Board Superannuation Plan | December 31 | Complete | No |
| Livestock Services Revolving Fund | March 31 | Complete, Note 3 | No |
| Municipal Employees' Pension Commission | December 31 | Complete | No |
| Northern Municipal Trust Account | December 31 | Delayed | Yes/2016 Rpt V2 |
| Oil and Gas Orphan Fund | March 31 | Complete | No |
| Orphaned Environmentally Impacted Sites Fund | March 31 | Complete | No |
| Pastures Revolving Fund | March 31 | Complete | No |
| Pension Plan for Employees of the Saskatchewan Workers' Compensation Board | December 31 | Complete | No |
| Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No. 13 | December 31 | Delayed | |
| Power Corporation Superannuation Plan | December 31 | Complete | No |
| Provincial Mediation Board Trust Accounts | March 31 | Complete | No |
| Public Employees Benefits Agency Revolving Fund | March 31 | Complete | No |
| Public Employees Deferred Salary Leave Fund | December 31 | Complete | No |
| Public Employees Dental Fund | December 31 | Complete | No |
| Public Employees Disability Income Fund | December 31 | Complete | No |
| Public Employees Group Life Insurance Fund | December 31 | Complete | No |
| Public Employees Pension Plan | March 31 | Complete | No |
| Public Service Superannuation Plan | March 31 | Complete | No |
| Public Guardian and Trustee of Saskatchewan | March 31 | Complete | No |
| Queen's Printer Revolving Fund | March 31 | Complete | No |
| Residential Tenancies, Office of – Director's Trust Account | March 31 | Complete | No |
| Sask 911 Account | March 31 | Complete | No |
| Saskatchewan Agricultural Stabilization Fund | March 31 | Complete | No |
| Saskatchewan Government Insurance Service Recognition Plan | December 31 | Complete | No |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| Saskatchewan Government Insurance Superannuation Plan | December 31 | Complete | No |
| Saskatchewan Pension Annuity Fund | March 31 | Complete | No |
| Saskatchewan Pension Plan | December 31 | Complete | No |
| Saskatchewan Power Corporation Designated Employee Benefit Plan | December 31 | Complete | No |
| Saskatchewan Power Corporation Severance Pay Credits Plan | December 31 | Complete | No |
| Saskatchewan Power Corporation Supplementary Superannuation Plan | December 31 | Complete | No |
| Saskatchewan Research Council Employees' Pension Plan | December 31 | Complete | No |
| Saskatchewan Snowmobile Fund | March 31 | Complete | No |
| Saskatchewan Student Aid Fund | March 31 | Complete | No |
| Saskatchewan Professional Teachers Regulatory Board | August 31 | Note 5 | |
| Saskatchewan Telecommunications Pension Plan | March 31 | Note 6 | |
| Saskatchewan Water Corporation Retirement Allowance Plan | December 31 | Complete | No |
| SaskEnergy Retiring Allowance Plan | December 31 | Complete | No |
| School Division Tax Loss Compensation Fund | March 31 | Complete | No |
| Social Services Central Trust Account | March 31 | Complete | No |
| Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund | March 31 | Complete | No |
| Social Services Valley View Centre Residents' Trust Account | March 31 | Complete | No |
| Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission | December 31 | Delayed | |
| Teachers' Dental Plan | June 30 | Complete | Yes/2016 Rpt V2 |
| Teachers' Disability Plan | June 30 | Complete | No |
| Teachers' Group Life Plan | August 31 | Complete | No |
| Teachers' Superannuation Plan | June 30 | Complete | No |
| Training Completions Fund | March 31 | Complete | No |
| Transportation Partnerships Fund | March 31 | Complete | No |
| Victims' Fund | March 31 | Complete | No |
| Water Security Agency Retirement Allowance Plan | March 31 | Complete | No |
| | | | |
| **Offices of the Legislative Assembly:** | | | |
| Advocate for Children and Youth, Office of the | March 31 | Complete | No |
| Board of Internal Economy/Legislative Assembly Service/Office of the Speaker | March 31 | Complete | No |
| Chief Electoral Officer, Office of the | March 31 | Complete | No |
| Conflict of Interest Commissioner, Office of the | March 31 | Complete | No |
| Information and Privacy Commissioner, Office of the | March 31 | Complete | No |
| Ombudsman, Office of the | March 31 | Complete | No |

| Agency | Fiscal Year-End [A] | Status at April 26, 2017 [B] | Matters Reported / Related Report(s) [C] |
|---|---|---|---|
| **Other agencies:** | | | |
| Pension Plan for the Eligible Employees at the University of Saskatchewan | December 31 | Delayed | |
| Pension Plan for the Academic and Administrative Employees of the University of Regina | December 31 | Delayed | |
| Technical Safety Authority of Saskatchewan | June 30 | Complete | Yes/2017 Rpt V1 |
| University of Regina Non-Academic Pension Plan | December 31 | Delayed | |
| University of Regina | April 30 | Complete | Yes/2017 Rpt V1 |
| University of Saskatchewan 1999 Academic Pension Plan | December 31 | Delayed | |
| University of Saskatchewan 2000 Academic Money Purchase Pension Plan | December 31 | Delayed | |
| University of Saskatchewan Academic Employees' Pension Plan | December 31 | Delayed | |
| University of Saskatchewan and Federated Colleges Non-Academic Pension Plan | December 31 | Delayed | |
| University of Saskatchewan | April 30 | Complete | No |

Note 1: These entities are wholly- or partially-owned subsidiary corporations that are included in the consolidated financial statements of a parent Crown agency.

Note 2: The Ministry of Finance does not prepare financial statements for this Fund.

Note 3: This entity had no active operations.

Note 4: This entity was established on September 28, 2016. March 31, 2017 will be the first period-end audited by this Office.

Note 5: This entity was recently created. August 31, 2017 will be the first period-end audited by this Office.

Note 6: On April 28, 2016, the SaskTel Pension Board approved a change in the pension plan's year-end from December 31 to March 31. The results of the audit for the fifteen-month period ending March 31, 2017 will be reported in the *2017 Report – Volume 2*.

Note 7: Investment Saskatchewan Swine Inc. was dissolved effective December 14, 2016.

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[A]

| Fiscal Year-end | Year of last completed integrated audit |
|---|---|
| March 31 | 2016 |
| April 30 | 2016 |
| May 31 | 2016 |
| June 30 | 2016 |
| July 31 | 2016 |
| August 31 | 2016 |
| September 30 | 2016 |
| December 31 | 2016 |

[B] "Complete" – the audit was complete.
"Delayed" – the audit was delayed.

[C] "No" - no significant issues were reported.
"Yes/Jun 2016 Rpt" – significant issues are reported in our *June 2016 Report – Land Acquisition Processes: Global Transportation Hub Authority and Ministry of Highways and Infrastructure.*
"Yes/2016 Rpt V2" – significant issues are reported in our *2016 Report – Volume 2.*
"Yes/2017 Rpt V1" – significant issues are reported in our *2017 Report – Volume 1.*

# Appendix 2
# Report on the Financial Statements of Agencies Audited by Appointed Auditors

## 1.0 PURPOSE

The purpose of this Appendix is to inform the Legislative Assembly of the Office's views on the financial statements of agencies audited by appointed auditors for fiscal periods ending between January 1, 2015 and December 31, 2016.

In prior years, the Office presented its views based on a calendar year. Given the change in Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary Crown corporations' year-ends to March 31 in 2015-16, it is presenting this Appendix based on the Government's fiscal year of April 1 – March 31.

## 2.0 BACKGROUND

The Assembly allows the Government to appoint auditors to examine and report on certain Crown agencies and Crown corporations. In these cases, the Provincial Auditor retains overall responsibility for the audits of all Crown agencies and Crown corporations.

The objectives of each annual integrated audit are to form the following opinions and to report the results to the Assembly:

- An opinion on the financial-related rules and procedures used by the agency to safeguard public resources
- An opinion on the agency's compliance with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- An opinion on the reliability of the agency's financial statements. The appointed auditors' reports on the reliability of each Crown agency and each Crown corporation's financial statements accompany the respective financial statements.

In June 1994, the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*[1] recommended how the audit system for CIC and its subsidiary Crown corporations could function more efficiently and effectively. In April 1995, Treasury Board decided that all Crown corporations and agencies should comply with these recommendations. The Office, the Crown agencies, Crown corporations, and the appointed auditors use the Task Force's recommendations to better serve the Assembly's needs. The Task Force recommended that the Office give the Assembly a report listing the agencies in whose annual integrated audits it participated.

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[1] For a copy of this report, see our website at www.auditor.sk.ca.

The Office reported the results:

- Of the 2015 audits that were completed by October 31, 2015 in the *2015 Report – Volume 2*
- Of the remaining 2015 audits in the *2016 Report – Volume 1*
- Of the 2016 audits that were completed by October 31, 2016 in the *2016 Report – Volume 2*

The Government's Summary Financial Statements include the financial results of all Crown agencies controlled by the Government. *Public Accounts 2015-16 – Volume 1* includes the Office's auditor's report on the Government's Summary Financial Statements for the year ended March 31, 2016.

## Report on the Financial Statements of Crown Agencies and Corporations for Fiscal Years Ending Between January 1, 2015 and December 31, 2016

The table below lists each Crown agency or corporation whose financial statements are audited by an appointed auditor, the appointed auditor's name, the agency's year-end date, whether the Office participated in the audit, and whether the agency's financial statements are reliable. The Office participated in the financial statement audits of all Crown agencies or corporations except as noted in the table. As noted below, sometimes the Office varies the extent of its participation.

The table groups agencies and corporations by: regional colleges; regional health authorities; school divisions; other Crown agencies, special purpose and trust funds; other agencies; and CIC, its subsidiary Crown corporations, and other related entities.

**Listing of Our Involvement in 2015 and 2016 Financial Statement Audits of Crown Agencies and Crown Corporations**

| Crown Agency or Corporation | Appointed Auditor | Year-End Date | PAS* Participated in Audit | Financial Statements are Reliable |
|---|---|---|---|---|
| **A. Regional Colleges** | | | | |
| Carlton Trail College | E.J.C. Dudley & Co. | June 30, 2015<br>June 30, 2016 | See [A]<br>Yes (2016) | Yes |
| Cumberland College | NeuPath Group, PC Inc. | June 30, 2015<br>June 30, 2016 | See [A] | Yes |
| Great Plains College | Stark & Marsh CPA LLP | June 30, 2015<br>June 30, 2016 | See [A]<br>Yes (2016) | Yes |
| Northlands College | MNP LLP | June 30, 2015<br>June 30, 2016 | Yes (2015)<br>See [A] | Yes |
| North West College | Vantage Chartered Professional Accountants | June 30, 2015<br>June 30, 2016 | Yes (2015)<br>See [A] | Yes |
| Parkland College | Miller Moar Grodecki Kreklewich & Chorney | June 30, 2015<br>June 30, 2016 | See [A]<br>Yes (2016) | Yes |
| Southeast College | MNP LLP | June 30, 2015<br>June 30, 2016 | Yes (2015)<br>See [A] | Yes |

| Crown Agency or Corporation | Appointed Auditor | Year-End Date | PAS* Participated in Audit | Financial Statements are Reliable |
|---|---|---|---|---|
| **B. Regional Health Authorities** | | | | |
| Cypress Regional Health Authority | Stark & Marsh CPA LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Five Hills Regional Health Authority | Virtus Group LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Heartland Regional Health Authority | KPMG LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Keewatin Yatthé Regional Health Authority | MNP LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Kelsey Trail Regional Health Authority | NeuPath Group, PC Inc. | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Mamawetan Churchill River Regional Health Authority | Deloitte LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Prairie North Regional Health Authority | Vantage Chartered Professional Accountants | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Prince Albert Parkland Regional Health Authority | MNP LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Saskatoon Regional Health Authority | KPMG LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Sun Country Regional Health Authority | Virtus Group LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes except for shared ownership agreement accounting in 2015[E] |
| Sunrise Regional Health Authority | Collins Barrow PQ LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| **C. School Divisions** | | | | |
| Chinook School Division No. 211 | Stark & Marsh CPA LLP | August 31, 2015<br>August 31, 2016 | See [A]<br>Yes (2016) | Yes |
| Christ the Teacher Roman Catholic Separate School Division No. 212 | Miller Moar Grodecki Kreklewich & Chorney<br>Collins Barrow PQ LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |

| Crown Agency or Corporation | Appointed Auditor | Year-End Date | PAS* Participated in Audit | Financial Statements are Reliable |
|---|---|---|---|---|
| Conseil des écoles fransaskoises No. 310 | Deloitte LLP | August 31, 2015<br>August 31, 2016 | See [A]<br>Yes (2016) | Yes |
| Creighton School Division No. 111 | Kendall & Pandya | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Englefeld Protestant Separate School Division No. 132 | MNP LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Good Spirit School Division No. 204 | Miller Moar Grodecki Kreklewich & Chorney | August 31, 2015<br>August 31, 2016 | Yes (2015)<br>See [A] | Yes |
| Holy Family Roman Catholic Separate School Division No. 140 | Cogent Chartered Professional Accountants LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Holy Trinity Roman Catholic Separate School Division No. 22 | Virtus Group LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Horizon School Division No. 205 | MNP LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Ile-a-la Crosse School Division No. 112 | Vantage Chartered Professional Accountants | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Light of Christ Roman Catholic Separate School Division No. 16 | Vantage Chartered Professional Accountants | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Living Sky School Division No. 202 | Holm Raiche Oberg Chartered Professional Accounts P.C. Ltd. | August 31, 2015<br>August 31, 2016 | Yes (2015)<br>See [A] | Yes |
| Lloydminster Roman Catholic Separate School Division No. 89 | Wilkinson Livingston Stevens LLP<br>MNP LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Lloydminster Public School Division No. 99 | Wilkinson Livingston Stevens LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| North East School Division No. 200 | MNP LLP<br>Virtus Group LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Northern Lights School Division No. 113 | MNP LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| Northwest School Division No. 203 | Cogent Chartered Professional Accountants LLP | August 31, 2015<br>August 31, 2016 | See [A]<br>Yes (2016) | Yes |
| Prairie South School Division No. 210 | Stark & Marsh CPA LLP | August 31, 2015<br>August 31, 2016 | Yes (2015)<br>See [A] | Yes |
| Prairie Spirit School Division No. 206 | Deloitte LLP | August 31, 2015<br>August 31, 2016 | Yes (2015, 2016) | Yes |
| Prairie Valley School Division No. 208 | MNP LLP | August 31, 2015<br>August 31, 2016 | Yes (2015)<br>See [A] | Yes |
| Prince Albert Roman Catholic Separate School Division No. 6 | MNP LLP | August 31, 2015<br>August 31, 2016 | Yes (2015)<br>See [A] | Yes |
| Regina Roman Catholic Separate School Division No. 81 | Dudley & Company LLP | August 31, 2015<br>August 31, 2016 | See [A]<br>Yes (2016) | Yes |
| Regina School Division No. 4 | MNP LLP | August 31, 2015<br>August 31, 2016 | Yes (2015, 2016) | Yes |
| Saskatchewan Rivers School Division No. 119 | Deloitte LLP | August 31, 2015<br>August 31, 2016 | See [A]<br>Yes (2016) | Yes |
| Saskatoon School Division No. 13 | KPMG LLP<br>Deloitte LLP | August 31, 2015<br>August 31, 2016 | Yes (2015, 2016) | Yes |
| South East Cornerstone School Division No. 209 | Virtus Group LLP | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| St. Paul's Roman Catholic Separate School Division No. 20 | Deloitte LLP | August 31, 2015<br>August 31, 2016 | Yes (2015, 2016) | Yes |

| Crown Agency or Corporation | Appointed Auditor | Year-End Date | PAS* Participated in Audit | Financial Statements are Reliable |
|---|---|---|---|---|
| Sun West School Division No. 207 | Close Hauta Bertoia & Blanchette Chartered Professional Accountants | August 31, 2015<br>August 31, 2016 | See [A] | Yes |
| **D. Other Crown Agencies, Special Purpose and Trust Funds** | | | | |
| Agricultural Credit Corporation of Saskatchewan | MNP LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Community Initiatives Fund | Virtus Group LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Crop Reinsurance Fund of Saskatchewan | KPMG LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Global Transportation Hub Authority, The | Deloitte LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Métis Development Fund | Deloitte LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Municipal Employees' Pension Commission | KPMG LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Municipal Financing Corporation of Saskatchewan | Dudley & Company LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| North Sask. Laundry & Support Services Ltd. [F] | MNP LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Operator Certification Board | Mintz & Wallace | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Owners, The: Condominium Corporation No. 101100609 | Deloitte LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Pension Plan for the Non-Teaching Employees of the Saskatoon School Division No. 13 | Deloitte LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Public Employees' Pension Plan | Deloitte LLP<br>KPMG LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Saskatchewan Agricultural Stabilization Fund | KPMG LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Saskatchewan Crop Insurance Corporation | KPMG LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Saskatchewan Grain Car Corporation | Miller Moar Grodecki Kreklewich & Chorney | July 31, 2015<br>July 31, 2016 | Yes | Yes |
| Saskatchewan Housing Corporation | KPMG LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation | Virtus Group LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Saskatchewan Pension Plan | Deloitte LLP<br>KPMG LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Saskatchewan Research Council | Deloitte LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Research Council Employees' Pension Plan | Deloitte LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Saskatchewan Trade and Export Partnership Inc. | KPMG LLP | March 31, 2015<br>March 31, 2016 | No | See [D] |
| Water Security Agency | Deloitte LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| Workers' Compensation Board | KPMG LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |

| Crown Agency or Corporation | Appointed Auditor | Year-End Date | PAS* Participated in Audit | Financial Statements are Reliable |
|---|---|---|---|---|
| Pension Plan for Employees of the Saskatchewan Workers' Compensation Board | KPMG LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Tourism Saskatchewan | MNP LLP | March 31, 2015<br>March 31, 2016 | Yes | Yes |
| **E. Other Agencies** | | | | |
| Technical Safety Authority of Saskatchewan, The | MNP LLP | June 30, 2015<br>June 30, 2016 | Yes | Yes |
| **F. CIC, its Subsidiary Crown Corporations & Other Related Entities** | | | | |
| Crown Investments Corporation of Saskatchewan [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| CIC Economic Holdco Ltd. | See [B] | | | |
| First Nations and Métis Fund Inc. [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| Gradworks Inc. [C] | Dudley & Company LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Immigrant Investor Fund Inc. [C] | Ernst & Young LLP | March 31, 2016 | Yes | Yes |
| CIC Asset Management Inc. [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| 101069101 Saskatchewan Ltd. | See [B] | | | |
| CIC Foods Inc. [G] | See [B] | | | |
| CIC FTLP Holdings Inc. | See [B] | | | |
| CIC FTMI Holdings Inc. | See [B] | | | |
| CIC OSB Products Inc. [H] | See [B] | | | |
| CIC Pulp Ltd. | See [B] | | | |
| CIC WLSVF Holdings Inc. [I] | See [B] | | | |
| Invest Sask Holdings Inc. [J] | See [B] | | | |
| Investment Saskatchewan Swine Inc. [K] | See [B] | | | |
| Capital Pension Plan | Deloitte LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| SaskEnergy Incorporated [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |
| TransGas Limited [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |
| Many Islands Pipe Lines (Canada) Limited [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |
| Bayhurst Gas Limited [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |
| Bayhurst Energy Services Corporation | See [B] | | | |
| BG Storage Inc. | See [B] | | | |
| Saskatchewan First Call Corporation | See [B] | | | |
| Saskatchewan Gaming Corporation [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| SGC Holdings Inc. [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Government Insurance [C] | PricewaterhouseCoopers LLP | March 31, 2016 | Yes | Yes |
| SGI Canada Insurance Services Ltd. | PricewaterhouseCoopers LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Coachman Insurance Company | PricewaterhouseCoopers LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |

| Crown Agency or Corporation | Appointed Auditor | Year-End Date | PAS* Participated in Audit | Financial Statements are Reliable |
|---|---|---|---|---|
| Saskatchewan Government Insurance Superannuation Plan | PricewaterhouseCoopers LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Saskatchewan Auto Fund [C] | PricewaterhouseCoopers LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Opportunities Corporation [C] | Virtus Group LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Power Corporation [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |
| SaskPower International Inc. | See [B] | | | |
| Northpoint Energy Solutions Inc. [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |
| Power Corporation Superannuation Plan | Deloitte LLP | December 31, 2015<br>December 31, 2016 | Yes | Yes |
| Saskatchewan Telecommunications Holding Corporation [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Telecommunications [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Telecommunications International, Inc. [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| SaskTel International Consulting, Inc. | See [B] | | | |
| Saskatchewan Telecommunications International (Tanzania) Ltd. | See [B] | | | |
| Battleford International, Inc. | See [B] | | | |
| Avonlea Holding, Inc. | See [B] | | | |
| Manalta Investment Company Ltd. | See [B] | | | |
| Qu'Appelle Holding, Inc. | See [B] | | | |
| Nokomis Holding, Inc. | See [B] | | | |
| SecurTek Monitoring Solutions Inc. [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| Shellbrook Holding, Inc. | See [B] | | | |
| SaskTel Investments Inc. | See [B] | | | |
| DirectWest Corporation [C] | KPMG LLP | March 31, 2016 | Yes | Yes |
| Qu'Appelle Holding, Inc. | See [B] | | | |
| DirectWest Canada Inc. | See [B] | | | |
| Bruno Holdings Inc. | See [B] | | | |
| Saskatchewan Telecommunications Pension Plan | KPMG LLP | December 31, 2015 | Yes | Yes |
| Saskatchewan Transportation Company [C] | MNP LLP | March 31, 2016 | Yes | Yes |
| Saskatchewan Water Corporation [C] | Deloitte LLP | March 31, 2016 | Yes | Yes |

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[*] PAS—Provincial Auditor of Saskatchewan

[A] The Office reviewed the opinions of the appointed auditor on the reliability of financial statements, effectiveness of processes to safeguard public resources, and compliance with authorities. It also reviewed the summary of errors and management letters to boards of the agencies. Where necessary, it followed up with the appointed auditor to clarify issues reported.

[B] Financial statements are not prepared for audit.

[C] The March 31, 2016 financial statements present results of operations for the 15-month period from January 1, 2015 – March 31, 2016.

[D] Consistent with prior years, the Office examines the supervisory work carried out by the funding agency over STEP as part of its annual audit of the funding agency (i.e., Ministry of the Economy).

[E] For each of these Regional Health Authorities (RHAs), the Office agreed with the RHAs appointed auditor's qualified audit report on its 2015 financial statements. Because the 2015 financial statements of each of these RHAs contained significant errors, the appointed auditor expressed a qualified opinion. An auditor expresses a qualified opinion when the auditor, having obtained appropriate audit evidence, concludes the errors, individually or in aggregate, are material (significant) but not pervasive to the financial statements. The errors in the 2015 financial statements are the result of each of these RHAs not following Canadian generally accepted accounting standards for the public sector when it recorded certain capital funding provided under "shared ownership" agreements. For further detail, see Chapter 19 of our *2015 Report – Volume 2* (p. 104). In 2016, each of these RHAs corrected their financial statements for this matter.

[F] North Sask. Laundry & Support Services Ltd. was wound-up effective March 31, 2016.

[G] CIC Foods Inc. was dissolved effective January 23, 2015.

[H] CIC OSB Products Inc. was dissolved effective March 24, 2016.

[I] CIC WLSVF Holdings Inc. was dissolved effective January 23, 2015.

[J] Invest Sask Holdings Inc. was dissolved effective December 22, 2015.

[K] Investment Saskatchewan Swine Inc. was dissolved effective December 14, 2016.

# Appendix 3
# Samples of Opinions We Form on Ministries, Crown Agencies, and Crown-Controlled Corporations

The Office's *Business and Financial Plan* and *Annual Report on Operations* describe the Office along with its plans for the upcoming year and financial and non-financial results. These are available on its website (www.auditor.sk.ca).

The scope of the Office's work includes the Government as a whole, sectors or programs of the Government, and individual government agencies (see **Appendix 1**). As *The Provincial Auditor Act* requires, it uses generally accepted assurance standards published by CPA Canada to carry out its audits. The following are samples of audit opinions formed as part of the annual integrated audits.

## 1. The Effectiveness of Internal Controls (Financial-Related)

I have audited [Agency]'s operating effectiveness of internal controls as of [Year-End] to express an opinion as to the effectiveness of its internal controls related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations, and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The Chartered Professional Accountants of Canada (CPA Canada) defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

[Agency]'s management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I used the control framework included in the *Guidance on Control* published by CPA Canada (control framework) to make my judgments about the effectiveness of [Agency]'s control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance as to the effectiveness of [Agency]'s control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks, and examining, on a test basis, evidence relating to control.

My audit on the effectiveness of [Agency]'s control related to the above objectives does not constitute an audit of internal control over financial reporting performed in conjunction with an audit of financial statements in *CPA Canada Handbook – Assurance* Section 5925 An Audit of Internal Control over Financial Reporting that is integrated with an Audit of Financial Statements.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities, and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, [Agency]'s internal controls were effective, in all material respects, to meet the objectives stated above as of [Year-end] based on the CPA Canada criteria of control framework.

## 2. Compliance with Legislative Authorities

I have audited [Agency]'s compliance with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing, and investing activities during the year ended [Year-End]:

*(List legislative and related authorities covered by this report. This list must include all relevant governing authorities.)*

Compliance with the provisions of the stated legislative and related authorities is the responsibility of management of [Agency]. My responsibility is to express an opinion on this compliance based on my audit.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance whether [Agency] complied with the criteria established by the legislative and related authorities referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with these criteria, and where applicable, assessing the accounting principles used and significant estimates made by management.

In my opinion, for the year ended [Year-End], [Agency] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities.

## 3. The Reliability of Financial Statements

I have audited the accompanying financial statements of [Agency], which comprise the [statement of financial position] as at [Year-End], and the [statements of operations, change in net debt, and cash flow] for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [acceptable financial reporting framework] for [Treasury Board's] approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of [Agency] as at [Year-End], and [insert appropriate wording to describe financial results] for the year then ended in accordance with [acceptable financial reporting framework].